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Messages by Clinton and Rubin Reverberate in Asia

Treasury Chief 'Very Concerned' About Japan

President Calls China's Course 'Morally Right'

By Stephanie Strom
New York Times Service

SEOUL — During the last stop of his six-day, four-country sweep of Asia on Wednesday, Treasury Secretary Robert Rubin made his most pointed comments about a country he did not even visit, Japan.

Meeting with South Korean business, labor and political leaders, Mr. Rubin stressed again and again the "enormous importance of getting Japan back on track to support growth in Korea and the region in general."

Mr. Rubin said he was "deeply, deeply concerned" about the yen's recent slide against the dollar, but he dodged questions about whether the

U.S. government would again step in to prop up the Japanese currency with the standard response that it would move if and when intervention was deemed necessary.

And on the eve of the unveiling of Japan's latest plan to overhaul its financial system, Mr. Rubin exhorted Japanese officials to come up with a credible solution.

"The most important key with respect to economic conditions in Japan is to restructure its banking system in an efficient fashion that wins the approval

of the world financial markets," he said.

Mr. Rubin's decision not to include Japan on his trip has been a subject of intense discussion in Asia, where Japan's inability to come up with a plan to get its economy back on track is seen as prolonging the region's woes.

The detour around Japan by both Mr. Rubin and President Bill Clinton is widely regarded as a snub toward one of the most devoted U.S. allies and has raised speculation here about a realignment of American interests.

In his meeting Wednesday with Mr. Rubin, President Kim Dae Jung of South Korea wondered aloud whether

By John M. Broder
New York Times Service

SHANGHAI — President Bill Clinton said Wednesday that the United States did not seek to dictate to China the path of its development, but asserted that China's current course of economic liberalization and greater personal freedom was "morally right."

In an interview with China's main government-run television network, Mr. Clinton said that America's status as the lone superpower did not give it the right to use its economic and military right to impose its values on China or any other nation. But he said that he would continue to speak out on behalf of democracy and individual liberty.

The interview with China Central Television, to be broadcast Thursday, will be Mr. Clinton's last opportunity on his nine-day visit to speak directly to a mass Chinese audience. The White House sought the interview because an

Asians react with some anxiety to Clinton's trip to China. Page 6.

earlier interview with CCTV, held before Mr. Clinton left Washington, was heavily edited by Chinese authorities and received little notice in China.

Mr. Clinton was asked whether the world needed a single leader to mediate the disputes within and among nations.

"The short answer to your question is

yes, the world needs a leader, but not in the sense of one country telling everyone else what to do," Mr. Clinton said.

"So it's a different sort of world leadership than in the past, where it's just a question of who has the biggest army gets to send a list of instructions to another country and you think it will be done. That's not the way the world works now."

He gave as examples the United States' intervention in Bosnia and Haiti and its efforts to mobilize other nations to combat drug trafficking, weapons proliferation and ethnic conflict. He said the way to get results in the post-Cold War world was to forge alliances

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Hong Kong Is Somber on Anniversary

China's Leader Cautions On Economic Outlook

By Keith Richburg
Washington Post Service

HONG KONG — There were no fireworks and no floats, no all-night raves and no kitschy souvenirs. And this time there were no homing pigeons symbolically finding their way back to their motherland.

Instead, a more subdued Hong Kong marked the first anniversary Wednesday of its return to China with a low-key series of mostly invitation-only events — and with some sober warnings from the Chinese and Hong Kong leaders that tough economic times lay ahead.

"The turmoil is not over," said President Jiang Zemin, speaking before a gala variety show at Hong Kong's coliseum. "Hong Kong's economic difficulties will continue for a while."

But Mr. Jiang promised that China would assist the territory, using the mainland's large trade surplus, and he repeated his vow that China would not devalue its currency, the yuan.

President Jiang also praised Hong Kong's year-old autonomy formula known here as "one country, two systems" — and he said its success showed it could also be used as a model for Taiwan's eventual reunification with the mainland.

He called the formula "an example for Macao's smooth return to the motherland and for the final settlement of the Taiwan question."

Macao, a Portuguese-run enclave, reverts to Chinese control next year under an autonomy formula similar to Hong Kong's. But officials in Taiwan have repeatedly rejected any attempt to apply the same model there, saying the Republic of China government already exercises sovereignty over the breakaway island.

Taiwanese leaders have consistently said there can be no reunification with China until the mainland becomes more democratic.

President Jiang's promise to help Hong Kong revive its sagging economy illustrated a remarkable turnaround in



President Jiang Zemin waving Wednesday to onlookers at a shopping mall in Hong Kong.



President Clinton mingling Wednesday with some owners of private homes in Shanghai.

For Old Rivals, a Riveting World Cup Drama

By George Vecsey
New York Times Service

SAINT-ETIENNE, France — Glenna Hoddle hears the word in English: vendetta. He calls it "a horrible expression."

The English coach has had to live 12 years with the emotion of being on the field when Diego Armando Maradona punched the ball into the net for the cynical "hand of God" goal that still haunts England, unabated.

"More than revenge, I dream of turning the score back to zero," Hoddle said recently. "That was the most bitter defeat in my career."

Now England has another ghastly World Cup memory, the penalty-kick shoot-out that ended

with Argentina on top Tuesday night, 4-3, after a 2-2 draw. As it was, the spirit of Maradona hunkered down over the foothills of the Massif Central. The cynical chicanery and the glittering skill of Maradona was renewed in his absence.

Each side had one goal produced by a penalty kick following an egregious flop. But then there was a dazzling 45-meter run and a crisp goal worthy of the subby, old master — delivered by an 18-year-old boy with a big grin, Michael Owen, playing in his first World Cup.

Owen dominated the game for a half, and

might have won it with his natural moves and unnatural poise. But he was effectively taken out of the game by a teammate, who drew one of the more stupid red cards in this World Cup of mandated mass ejections.

In the second minute of the second half, with the score already tied, Diego Simeone, the Argentine captain, fell heavily on David Beckham, grinding his hand into Beckham's back, as soccer players are wont to do. Beckham, on the ground, realized with a backwards kick, but he foolishly did it with Kim Nielsen, the Danish referee, standing above him.

In 1986, the referee missed the flailing left hand

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General Motors Seems to Dig In For a Long Strike

By Frank Swoboda and Warren Brown
Washington Post Service

WASHINGTON — As losses to General Motors Corp. near \$1.2 billion in the automaker's monthlong battle with striking union workers, both sides appear to have settled in for a long siege over a fundamental conflict between the company's demand to cut costs and a union's desire to save jobs.

Virtually all of GM's assembly plants have been closed by the strike at two Michigan parts plants, and bargaining sessions have proven fruitless. But many industry analysts said the company has little choice but to take a long strike — and accept the resulting decline in its market share and staggering monetary losses now — or face an even bigger defeat later on in the global marketplace.

Nine times in the past two years, United Auto Workers unions have struck important GM plants over productivity demands by GM — and usually the company has backed down. It is not clear whether either side intended this strike to be a final test of wills. But now it may be too late.

The automaker faces new challenges from a resurgent Ford Motor Co. and a newly created dynamo, DaimlerChrysler. Both of GM's domestic

See STRIKE, Page 6

U.S. Gets Cold Shoulder at a Culture Conference

By Anthony DePalma
New York Times Service

OTTAWA — Twenty nations, including some of the United States' closest friends, joined forces at an international conference here on Tuesday to protect themselves from what they see as grave threats to their cultures: free trade and the United States.

Officials from the 20 countries, including Mexico, Britain and France, came to Ottawa to discuss ways to keep culture from being treated purely as

commerce, which gives the American entertainment industry easy inroads into foreign markets.

Canada, which organized the meeting, set the tone by not inviting representatives of the United States.

Canadian officials argued that the United States was not included because it does not have a cabinet-level culture minister as do the other countries.

The representative from Mexico, Rafael Tovar y de Teresa, is president of the National Council for Culture and Arts, which is roughly the equivalent

of the National Endowment of the Arts in the United States.

Instead, the intent behind the snub seems to have been to keep the United States from imposing its view that Canada and many other countries hide behind culture to erect trade barriers.

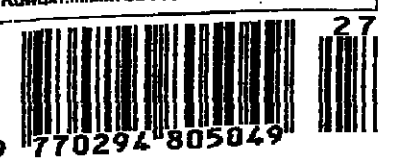
Organizers closed the meeting to the public and to news organizations, they said, in order to encourage frankness, but after some embarrassment to the Canadians, the United States was allowed to

See CULTURE, Page 6

| The Dollar | | | |
|------------|-------------------------|----------------|--|
| | Wednesday, July 2, 1998 | Previous Close | |
| DM | 1.816 | 1.8084 | |
| Yen | 137.85 | 138.93 | |
| FF | 6.035 | 6.0325 | |
| Pound | 1.6577 | 1.6577 | |

| The Dow | | | |
|-----------|-------------------------|----------------|----------------|
| | Wednesday, July 2, 1998 | Previous Close | Percent Change |
| Dow Jones | 9,548.67 | 9,548.67 | +1.03% |
| S&P 500 | 1,148.56 | 1,148.56 | +1.32% |
| Nasdaq | 1,914.46 | 1,914.46 | +1.04% |

| Newstand Prices | |
|-----------------|---------------------|
| Bahrain | 1,000 BD Milla |
| Cyprus | 1,000 CYP |
| Denmark | 14.00 DKK |
| Finland | 12.00 FIM |
| Gibraltar | 2.00 GBP |
| Great Britain | 5.50 S. Africa |
| Egypt | 1.25 JD U.A.E. |
| Jordan | 1.25 JD U.A.E. |
| Kenya | 1.25 SH 160 U.S. M. |
| Kuwait | 700 Fils Zimbabwe |



AGENDA

U.S. Interest Rates Won't Rise

WASHINGTON (AP) — The Federal Reserve Board left short-term interest rates on hold Wednesday amid emerging signs that U.S. economic growth is finally slowing.

The Federal Open Market Committee concluded a two-day private meeting, signaling it had left the benchmark rate on overnight interbank loans unchanged at 5.5 percent. The decision was widely expected.

Hubbell Tax Case to Be Dismissed

WASHINGTON (AP) — A federal judge on Wednesday dismissed the tax evasion case against Webster Hubbell, the former Justice Department official and presidential friend. All charges brought by the independent counsel, Kenneth Starr, against Mr. Hubbell's wife, Suzy, his accountant and his tax lawyer will also be dropped.

Judge James Robertson ruled that the case against Mr. Hubbell was brought using records that Mr. Hubbell was compelled to produce under subpoena, thus violating his Fifth Amendment protection against self-incrimination.

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REGAL SHRINE — Visitors crowding outside the memorial to Diana that opened on Wednesday, her birthday, on an estate northwest of London. Page 7.

VW and Volvo: What's Cooking?

By William Drozdiak
Washington Post Service

BERLIN — Volkswagen AG of Germany, the largest automaker in Europe, has opened discussions with Volvo AB of Sweden on a business cooperation deal that many analysts predict could lead to a merger and accelerate a shake-up in the global car industry.

A Volvo spokesman acknowledged Wednesday that the company's chief executive, Leif Johansson, met secretly on Friday with his Volkswagen counterpart, Ferdinand Piech, at the Swedish company's headquarters in Gothenburg. But he refused to confirm reports of a corporate marriage. Volkswagen declined to comment.

But the prospect that some kind of alliance was imminent stirred enormous interest in the auto industry, which has been going through tumultuous change as companies strive to adapt to a revolution in global markets. Stock markets responded favorably to the news, with VW's shares hitting a record high on the Frankfurt exchange and Volvo shares also soaring.

Industry executives have predicted that the num-

See VW, Page 6

THE AMERICAS

Adding Up the Bill for Nuclear Arms

They Have Absorbed 10% of the Federal Budgets Since 1940

By Matthew L. Wald
New York Times Service

WASHINGTON — Nuclear weapons have cost the United States at least \$5.48 trillion since 1940, and for most of that time neither Congress, the president nor the armed services had a clear idea what was being spent, according to a four-year study sponsored by the Brookings Institution.

The figure, which is stated in 1996 dollars converted under a Defense Department formula, represents about a third of the nation's military spending and about 10 percent of all expenditures by the federal government from 1940 to 1996, only non-nuclear defense programs and Social Security cost more.

The money spent on nuclear weapons, plus money for environmental

cleanup, would buy 290 million automobiles, says an author of the study, William Weida, an economist at Colorado College in Colorado Springs and a former director of the economic policy and analysis division of the Defense Department.

Stephen Schwartz, editor of the study, said: "Nuclear weapons were considered to give more bang for the buck." For that reason, Mr. Schwartz said, policy planners paid little attention to costs.

The study, "Atomic Audit: The Costs and Consequences of U.S. Nuclear Weapons Since 1940," was published on Tuesday by Brookings.

The cost of nuclear weapons programs has never been compiled before, according to the study. The cost includes money spent to invent them and

produce them, to build the missiles, bombers, and submarines to deliver them, and to defend against enemy nuclear attacks.

If the cost of cleaning up environmental damage resulting from the production of nuclear weapons is added, the total comes to \$5.82 trillion, based on estimates of what will be needed in the next 80 years, the study said.

The Defense Department and the Atomic Energy Commission or its successor, the Energy Department, were at the center of most of these programs.

Producing nuclear weapons accounted for only about 7 percent of the total cost, the study said. Deploying the weapons, including the cost of missiles and bombers, accounted for 55.7 percent of the total; defending against nuclear attacks made up 16.1 percent; targeting and controlling the weapons made up 14.3 percent, and nuclear waste management and cleanup was approximately 6.3 percent.

The study group said one reason for the high costs was interservice rivalry, with the air force getting nuclear arms and then the navy and army wanting them, too.

The study's authors said strategic deterrence had prevented nuclear conflict and probably conventional conflict in Europe as well. Although they said that task could have been accomplished more cheaply, they did not say how much more cheaply.

"Waste is in the eye of the beholder," Mr. Schwartz said. "Clearly, nuclear deterrence as a concept and a reality exists. But there's a big difference between having five weapons or 10 weapons or 20 weapons or 20,000 weapons. Somewhere in there, you stop getting more bang for the buck."

Some of the money went for projects that failed, like the development of a nuclear-powered airplane and the deployment of nuclear bombs under the Greenland ice cap. Far more was spent on producing nuclear weapons that the authors say were in excess of military requirements.

Mr. Weida, the economist, said part of the problem was pork barrel politics. Lawmakers were loath to cut back or cancel production of nuclear weapons in plants in their states or districts.

"The tie between regional economic benefits and nuclear weapons," he said, "created an inertia which made it extremely difficult to curtail nuclear weapons programs after their useful life had expired."

The authors of the study also said the current annual budget of \$4.5 billion for "stockpile stewardship" — a testing system without nuclear explosions — exceeds the historical average for research, development, and testing by about \$900 million a year.

The Energy Department says stockpile stewardship is less expensive than its Cold War testing and maintenance program.



Vice President Al Gore inspecting a bicycle that was destroyed weeks ago by a wildfire in Palm Coast, Florida, as some residents look on.

Florida Town Is Evacuated As Wildfires Near Homes

The Associated Press

MIMS, Florida — Firefighters beat back blazes that came within 50 yards of some homes in this eastern Florida community Wednesday and threatened to consume dozens of others.

Firefighters confirmed that no homes had burned overnight, but said that the battle against the wildfires was not over. Mandatory evacuations for hundreds of residents were lifted.

"We know we lost some cars, barns and sheds," said Jeffrey Money, assistant chief of Brevard County Fire Rescue.

More than 1,700 fires since late May have destroyed 85 homes and more than 251,000 acres (101,600 hectares) — mostly forest, palmeto scrub and swamp — from one tip of Florida to the other.

The unpredictable fires whipsawed residents of this region about 25 miles (40 kilometers) east of Orlando on Tuesday.

Officials initially issued a mandatory evacuation order for about 2,000 homes. But that order was lifted as sea breezes steered the fire away.

Winds switched again at nightfall, sending the fire back toward a portion of the neighborhood. About 250 homes were again evacuated.

Fires have also been a problem in neighboring Georgia. In Augusta, firefighters evacuated homes near a three-mile stretch of Bobby Jones Expressway, a main thoroughfare in the southern part of the city.

POLITICAL NOTES

Gag Order Lifted In Paula Jones Case

WASHINGTON — A federal judge in Little Rock, Arkansas, has lifted the gag order she had imposed in the Paula Jones sexual harassment lawsuit, allowing attorneys to disclose any remaining secret information from the dismissed case and opening for public inspection still-sealed documents.

Judge Susan Webber Wright of U.S. District Court, who dismissed the Jones suit April 1, ruled Tuesday that there was no longer a reason to keep the confidentiality decree because so much detail about the case had been made public already through court filings or by news organizations quoting unnamed sources.

But Judge Wright ordered that the names, addresses, occupations and other identifying information regarding women who were interviewed about their relationships with President Bill Clinton remain cloaked. And she gave lawyers for Mr. Clinton and Mrs. Jones 10 days to appeal her ruling before it takes effect. Both sides had opposed the motion, filed by a consortium of news organizations, to lift the order.

The judge noted that her dismissal of the case means there will be no trial unless an appeals court overrules her, and even then a trial would not be conducted until next year at the earliest. As a result, she wrote, "There is now no imminent trial in which prejudicial pretrial publicity remains a concern."

Much of the most salacious material collected by Mrs. Jones's legal team during its evidence-gathering phase already has been made public, but lawyers for both sides suggested that there is more embarrassing

material that is still under seal. "There's stuff out there, that's all I'll say, stuff that probably both sides would rather not see the light of day," said an attorney for Mrs. Jones, David Pyke. (WP)

Clinton Will Name Envoy to Prague

WASHINGTON — President Bill Clinton said Tuesday that he planned to name John Shattuck, assistant secretary of state for democracy, human rights and labor, to be ambassador to the Czech Republic.

Mr. Clinton also plans to name a career diplomat, Robert Finn, the deputy chief of mission at the U.S. embassy in Croatia, to be ambassador to Tajikistan, the White House said.

Mr. Shattuck was involved in the negotiation of the 1995 Dayton peace accords that ended the war in Bosnia as well as in the formation of international criminal tribunals for the former Yugoslavia and Rwanda.

Before the State Department post, Mr. Shattuck was a vice president at Harvard University. (Reuters)

Quote/Unquote

Newt Gingrich, the speaker of the House, after Robert Doman, a Republican of California who in two decades in Congress was known as the master of boisterous bluster and for the nickname "B-1 Bob," complained that he had not been embraced by the party in his U.S. House campaign. "We are dedicated to electing Bob Doman and returning him to his seat in the House," he said. "B-1 Bob has one more mission to run for his country." (NYT)

Alabamians Pick Religious Rightist

By Terry M. Neal
Washington Post Service

WASHINGTON — In an unusually bitter gubernatorial contest in a state known for colorful politics, Governor Fob James Jr. has won the Alabama Republican nomination against his more moderate rival, the businessman Winton Blount.

With 93 percent of precincts reporting, Mr. James had 56 percent of Tuesday's vote.

Mr. James, a hero of the religious right, will go into November's general election against a well-financed Democrat, Don Siegelman, with a depleted campaign fund and a reputation tarnished by months of contentious campaigning.

The battle between Mr. James and Mr. Blount exposed huge rifts in the state's Republican Party and under-

scored the divide nationally among social and economic conservatives.

"We stayed positive and focused on the governor's record," said Mr. James's spokesman, David Azbell, speaking by telephone from the victory party. Many observers disagree with Mr. Azbell's assessment and have called the runoff one of the nastiest in recent history.

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Mr. James, who is seeking his third term — he served one term as a Democrat in the late 1970s and early 1980s before switching parties — failed to win

a majority of votes in a five-way Republican primary on June 2.

The contest was unusual in several respects. Generally, the governor's Republican counterparts in other southern states, such as Governor George W. Bush of Texas and Governor Don Sundquist of Tennessee, are enjoying popularity. The economy is good and crime is down nationwide, generally providing a positive environment for incumbents.

"It's a case study in how not to be a Republican governor," said Merle Black, an Emory University political science professor.

Mr. James's "agenda is almost exclusively that of the Christian Coalition," Professor Black said. "By giving such overwhelming emphasis to that side of the agenda, he's disrupted the electoral coalition that put him in office in the first place."

Away From Politics

• Overseers of the federal school lunch program, which serves 26 million children, have granted vegetable status to salsa and determined that school cafeterias can dish it up as part of a nutritionally balanced menu. The low-fat, low-cholesterol sauce typically consists of tomatoes, peppers, onions and spices. In 1981, the Reagan administration tried to have ketchup designated as a vegetable, but the plan was widely ridiculed and dropped. (AP)

• The American Automobile Association says one in four Americans admits to being an aggressive driver. That is 45 million drivers and represents a bigger problem than "road rage," drivers trying to harm others with their vehicles. Aggressive drivers, the AAA says, simply drive without regard for others' safety. (AP)

• A federal judge halted enforcement of a Florida law that imposes five-year prison terms on doctors who perform a type of late-term abortion. (AP)

Birth Rate for Unmarried Blacks at 40-Year Low

By Steven A. Holmes
New York Times Service

WASHINGTON — The birth rate for unmarried black women, long a focal point in the debate over the causes of poverty among blacks, has reached its lowest point in 40 years, according to a report by federal health officials.

Figures compiled by the National Center for Health Statistics show that there were 74.4 births per 1,000 unmarried black women in 1996, the last year for which complete data are available.

That rate is significantly below the peak of 90.7 per 1,000 unmarried black women in 1959.

The report Tuesday showed that the

out-of-wedlock birth rate has been dropping for all age groups of black women. Demographers and health officials said that the reasons — an increase in contraceptive use, sex education and efforts by some community groups to encourage abstinence — should allow the trend to continue.

"There's just been no lurch, and it's not been slowing down," said Stephanie Ventura, a demographer with the National Center for Health Statistics who wrote the report.

Multiple Births Rising

Barbara Vobejda of The Washington Post reported:

Nearly 6,000 babies were born in triplets, quadruplets or even larger sets

of multiple births in 1996, the largest number ever and one that shows no sign of abating, the National Center for Health Statistics report showed.

The combined effect of older mothers and fertility treatments has driven up the number of multiple births dramatically, officials said, accounting for a jump of 19 percent in just one year for babies born in sets of three and more.

Since 1980, the rate of twins has risen 37 percent; for triplets and higher, the rate has increased 312 percent.

"It's pretty dramatic," said Joyce Martin, a health statistician at the National Center for Health Statistics and a co-author of the study.

"It's been going on for a while and I see no evidence it's fading at all."

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EUROPE

Kosovo Rebels Regroup as Serbs Press Drive

BRIEFLY

Compiled by Our Staff From Dispatches

PRISTINA, Yugoslavia — Hundreds of ethnic Albanian rebels regrouped in western Kosovo on Wednesday in an attempt to stave off advancing Serbian security forces in the secessionist province.

The police said the rebels moved westward after Serbian forces recaptured an important coal mine region from the Kosovo Liberation Army on Tuesday.

Reporters in two towns just outside the coal mine said they saw the Serbs in control, with no signs of fighting.

Reporters who were taken on a tour of Ade, a village overlooking the mine, could see heavy machinery operating in the pit.

The conveyor belt that transports coal from the mine to two mammoth electric generating plants was operating as well.

Those on the tour said it appeared that Serbian forces had exercised some restraint in their assault on Ade.

There was not the sort of widespread destruction that accompanied so many other military operations in the Bal-

kanas. The Kosovo Liberation Army is the guerrilla army fighting for the independence of Kosovo on behalf of that southern Serbian province's ethnic Albanian majority. The insurgency has taken nominal control of at least 30 percent of Kosovo.

The Kosovo Information Center, which is closed to the province's ethnic Albanian leadership, listed casualties in the Belasevac region over the last two days of fighting as three dead and two wounded fighters, and a child and an adult dead and six other civilians wounded.

Some officials abroad fear that the ethnic Albanians' fight for independence from rump Yugoslavia, made up now only of Serbia and Montenegro, could grow into a major conflict throughout the region, perhaps dragging in Albania and Macedonia.

The main east-west highway between Pristina and Pec has been closed for nearly two months by ethnic Albanian attacks and barricades. Traffic on all highways west and south of Pristina is subject to



Journalists inspecting a trench Wednesday reportedly abandoned by retreating rebels.

ambush by rebel units.

In Germany on Wednesday, Foreign Minister Klaus Kinkel said Kosovo Albanians should not expect immediate NATO intervention.

He said no mandate was in sight from the UN Security

Council for such an intervention because two council members, Russia and China, oppose the move.

He declined to speculate whether intervention was "a question of weeks or months." (AP, Reuters)

Patrols Ready to Start

Richard Holbrooke, the U.S. negotiator, said Wednesday the first patrols in Kosovo by diplomats could begin by the end of this week, Reuters reported from Oslo.

Ulster Assembly Elects Protestant and Catholic

BELFAST — Against the odds of history, Northern Ireland's new Assembly elected a Protestant leader and Catholic deputy Wednesday in its first step down the slow road of governing this divided country together.

On a 61-to-27 vote after three hours of sometimes bitter and abusive debate, the Ulster Unionist Party leader, David Trimble, became the Assembly's first minister and the Social Democratic and Labor Party deputy leader, Seamus Mallon, became its deputy first minister.

Among the politicians who gathered around a vast U-shaped table were convicted IRA bombers and gun-runners, slayers of Catholic civilians, retired cops and British soldiers — and a camp of Protestant hard-liners determined to scuttle the whole project. (Reuters)

Turkish Government Dodges Censure Bullet

ANKARA — Prime Minister Mesut Yilmaz survived a tentative opposition bid on Wednesday to bring down his rocky coalition, which is at odds with the army over Islamist activism.

Opposition deputies failed to garner enough votes to censure State Minister Eyup Asik, accused of failing to ensure the arrest of a rightist gunman. Under Turkish political tradition, a government should quit if it cannot protect one of its ministers from a censure motion. (Reuters)

Cyprus to Issue Papers To Send Migrants Back

NICOSIA — Cyprus said Wednesday that it would issue travel documents to more than 100 African and Arab migrants rescued this week after an 11-day ordeal drifting on a small fishing boat without food or water in the Mediterranean.

Immigration authorities would issue documents to the 116 migrants which would enable them to return to their countries, Interior Minister Dinos Michaelides said to reporters.

So far, he added, none had sought political asylum. (Reuters)

For the Record

Russia's Constitutional Court will consider in mid-July whether President Boris Yeltsin may run for a third term as president in elections in 2000. Mr. Yeltsin has said he will not run again, but his aides have not ruled out another term. (Reuters)

U.S. Cools Its Support for Ethnic Albanians, Seeing Risk of a Regional War

By Barton Gellman
Washington Post Service

WASHINGTON — Alarmed by the swift success and broad ambitions of rebel ethnic Albanian forces in the Serbia's Kosovo Province, the Clinton administration has launched intensive talks with the rebels in an effort to curtail their military campaign and prevent a feared regional war.

Negotiations with the Kosovo Liberation Army, an ethnic Albanian force demanding full independence from Serbia, reflect a substantial shift of emphasis in Washington.

Until now the U.S. government

placed the onus for the fighting on Slobodan Milosevic, president of rump Yugoslavia, and it has supported Ibrahim Rugova, a moderate, as the only important political leader of Kosovo's ethnic Albanians.

Now, American officials are calling for restraint from the rebels as much as from President Milosevic, and they are offering the guerrillas a place at the negotiating table as political compensation.

Although Mr. Rugova continues to insist that he can speak for the rebels in negotiations with Belgrade, the Clinton administration said Tuesday, for the first time, that he cannot speak for the ethnic

Albanians.

The United States and its European allies favor strengthened autonomy for the ethnic Albanian majority in Kosovo, but not an independent state.

The rebel forces not only seek a state of their own but also have a disquieting tendency — in the U.S. government's view — to speak of interests in the Albanian populations of neighboring Macedonia and Montenegro, as well as in Albania itself.

In practice, the new emphasis on slowing the rebel advance means that threats of NATO military intervention against President Milosevic's forces have receded for now.

Secretary of State Madeleine Albright, speaking with ABC News on Tuesday, repeated a three-week-old formula describing NATO military planning as "accelerated."

But other officials noted that President Milosevic has behaved with some restraint in recent weeks, even as the rebels scored military successes.

An allied diplomat, interviewed by telephone, said that "in present circumstances, where the KLA is doing pretty well on the battlefield, Milosevic is not single-handedly slaughtering innocents."

"It looks less plausible to believe there would be NATO air action," the diplomat added.

That might change, he said, if there were "a significant Serb offensive which led to widespread killing of innocent Kosovar Albanians, and/or widespread ethnic cleansing."

The Kosovo rebels have stunned Washington — and no doubt themselves as well, one U.S. policymaker said — with their explosive growth in military and political strength since March.

A year ago they could boast no more than 100 fighters and little popular support. At the time, an American envoy negotiating in the Balkan conflict, Robert Gelbard, dismissed the armed group as little more than a "terrorist

organization."

At present, according to U.S. assessments, the rebels control about a third of Kosovo's territory and command the sympathies of 80 percent of the population.

"Under any circumstances and, very sadly, I have to say that we're convinced that the fighting is going to continue," a high State Department official said Tuesday.

Reports from the region said a Serbian assault had recaptured an important coal mine from the ethnic Albanians.

Last week, the special U.S. envoy, Richard Holbrooke, became the first American official to meet publicly with guerrilla fighters, allowing himself to be photographed with a Kalashnikov-wielding officer in the Kosovo village of Junik.

Mr. Gelbard, meanwhile, has sought contacts with rebel political leaders and those such as Adem Demaci — a Rugova rival — who offer themselves as intermediaries.

The State Department official, briefing reporters Tuesday, sought to soften the blow to Mr. Rugova by describing him as "central and indispensable," saying the U.S. looked to him and his aides to speak for the interests of the ethnic Albanians.

American and European experts said

they were hampered in their efforts by ignorance about the rebels' true leadership and political program.

"One problem is that, on the military side, there is no clear Albanian chain of command with which to deal on talks about a cease-fire," said Mr. Holbrooke, according to The Associated Press. "This is a marked difference from Bosnia," added the diplomat, who led U.S. efforts to broker the 1995 Dayton peace accord among three rival Bosnian factions.

Another administration official said: "It's not like you can walk up to a telephone directory, or say, 'Take me to your leader.'"

"We need to get much more precise information from them on what they represent," said a third official, who has met with the rebels.

When President Milosevic first tried in March to crush the rebels, the United States pressed its European allies for a package of sanctions and military threats to support demands that Serbia withdraw the forces responsible for attacks on ethnic Albanians.

Among the U.S. objectives now is to obtain pledges from the rebels that they will not try to take advantage of Serbian withdrawal to launch new attacks, an outcome some U.S. officials regard as inevitable in present conditions.

Pope Sharply Rebukes Liberal Catholics

His Changes to Canon Law Seem Certain to Rekindle Passionate Debate

By Alessandra Stanley
New York Times Service

ROME — In one of his sharpest rebukes to liberal Catholics to date, Pope John Paul II has made changes to canon law aimed at stamping out debate on a wide range of passionately discussed issues, including euthanasia and the ordination of women.

Reasserting the articles of faith that are "definitive" and binding to all Catholics, the Pope on Tuesday inscribed those teachings into church law, and warned that those who dissent would be subject to "just punishment."

Many Roman Catholic theologians in the United States have questioned Rome's authority on doctrinal matters. In an apostolic letter that was made public by the Vatican, the Pope made it clear that he was addressing — and reigning in — those academics.

The apostolic letter was both an act of Vatican housekeeping and a cornerstone laid down for this Pope's legacy. On one hand, the Pope was merely filling a gap

in the code of canon law, but his eagerness to make his teachings as clear — and as binding — as possible was one of the most vivid signs yet that in the twilight of his papacy, Pope John Paul II, at 78, is seeking to make his rulings irrevocable.

The Pope explained he was acting "to defend the faith of the Catholic Church against errors that arise on the part of some of the faithful, above all those who dedicate themselves to the disciplines of holy theology."

The Pope's letter addressed the church's "profession of faith," a list of essential Catholic beliefs that the Pope reformulated in 1989.

All clergymen and Catholic teachers and theologians are required to follow it.

By inscribing his teachings about the articles of faith into canon law, Pope John Paul II said he was establishing norms that would "impose the duty to observe the truths."

The decree is likely to disappoint those theologians who had hoped to keep

open a discussion of women's ordination, among other things.

"Canon law covers such grave crimes as heresy and a refusal to accept what the church considers 'divinely revealed truths,' as well as far lesser crimes, but does not deal with those who disavow truths that the church holds to be 'definitive.' In a sense, the Pope was closing a loophole that had allowed some theologians to expound a more liberal interpretation on some issues than Rome ever has."

The apostolic letter did not specify which teachings the Pope was addressing, but it was published along with a doctrinal commentary written by Cardinal Joseph Ratzinger, who heads the Congregation for the Doctrine of the Faith and who is the Vatican's leading conservative thinker.

Cardinal Ratzinger's definitions of what constitutes "infallibly taught" doctrine are likely to rekindle debate among theologians on the issues of sexual relations outside marriage, euthanasia and the ordination of women.

Galina Brezhnev, Leonid's Daughter, Is Dead

By Michael R. Gordon
New York Times Service

MOSCOW — Galina Brezhnev, the high-living daughter of the former Soviet leader Leonid Brezhnev, died Tuesday in a Moscow hospital. She was 69.

Galina Brezhnev was never involved in politics but she figured in some major scandals in the last years of Soviet

power. The arrests of some of her husbands and some of her friends illuminated the corruption of the Soviet aristocracy.

A hard-drinking member of the Soviet elite who liked to race her father's Mercedes, Miss Brezhnev had her first brush with scandal when she was just 22 and ran away with a circus acrobat.

"He could hold 10 people on his shoulders but failed to

hold Galina too long," NTV television observed Tuesday night. "Galina got married quite often." She remained infatuated with the circus and with circus performers for several decades.

In 1982, a close friend from the circus, known as Boris the Gypsy, was arrested and charged with smuggling. The arrest took place when Yuri Andropov was head of the

KGB, and Mr. Andropov portrayed the move as part of his anti-corruption drive. But it was also interpreted as a bid by Mr. Andropov to position himself to succeed Mr. Brezhnev as Soviet leader.

That was not the end of her notoriety: In 1988, her husband Yuri Churbanov was arrested for taking bribes and imprisoned for six years.

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INTERNATIONAL

Elsewhere in Asia, Anxiety and Outrage Over Clinton's China Policy

By Sonni Efron, Henry Chu
and Mark Fineman
Los Angeles Times Service

TOKYO — Even as President Bill Clinton spoke optimistically about someday bringing the Chinese into the world trading regime, Asian leaders from New Delhi to Taipei to Tokyo were reacting with deepening anxiety and, in some quarters, embittered outrage to what they see as his unabashed, passionate embrace of China.

Most Asian countries, with the notable exception of India and Taiwan, welcome at least publicly the prospect of smoother U.S. relations with China and the regional stability that is expected to ensue.

Still, the perception that the United States is engaged in a subtle rearrangement of its Asian relationships, putting China atop the list ahead of

such traditional allies as Japan and Taiwan, has sent shock waves through the region.

Reaction in Taiwan on Tuesday was swift and sharp to Mr. Clinton's public declaration in Shanghai of what are called the "Three No's" — that the United States would not support the independence of Taiwan, the creation of two Chinas or Taiwan's admission to the United Nations.

"It's wrong, morally and politically, for Clinton to collude with the Communist dictatorship to restrict the future of a democratic country, Taiwan," said Parris Chang, a legislator with the Democratic Progressive Party, which supports Taiwanese independence.

"Beijing is trying to manipulate the United States to isolate Taiwan diplomatically," he added. "That Clinton has fallen into that kind of trap is unfortunate. U.S. policy toward Taiwan is

on a slippery slope. More and more, the United States is making concessions to China without any return."

The Japanese government has been determinedly restrained and diplomatic as Mr. Clinton and Treasury Secretary Robert Rubin criticized Japan's economic policies to audiences in China — a developing nation with an economy one-seventh the size of Japan's that remains dependent on Japanese capital, trade and development aid for its modernization efforts.

But the Indian government and media erupted with anger at what they saw as the hypocrisy of the joint U.S.-Chinese declaration condemning recent nuclear weapons tests by India and Pakistan and promising to work together to discourage a nuclear arms race in South Asia.

Just hours after Mr. Clinton and President Jiang Zemin signed the statement in Beijing, the Indian

Foreign Ministry denounced it as reflecting "the hegemonic mentality of a bygone era." India, which fought a war with China in 1962, specifically cited a Chinese nuclear threat to its national security in justifying its five nuclear weapons tests in May.

U.S. intelligence officials suspect that China may have helped Pakistan with nuclear technology that enabled it to conduct retaliatory atomic bomb tests two weeks after India's this spring. But the United States also gave Pakistan hundreds of millions of dollars in military aid in the 1980s, when as a key Cold War ally it helped drive the Soviet Union out of neighboring Afghanistan.

"It is most ironic that two countries that have directly and indirectly contributed to the unabated proliferation of nuclear weapons and delivery systems in our neighborhood are now presuming to prescribe norms for nonprolifer-

ation," the Indian Foreign Ministry said. There was a deafening, but expected, silence from Pakistan, which like India is now subject to U.S. economic sanctions because of its nuclear tests.

China is one of Pakistan's closest allies and key military suppliers and the highly nationalistic Pakistani press has reported with little or no comment about the tour by Mr. Clinton.

In Japan, public and private reaction about the U.S.-Chinese developments was more despondent than angry. The influential Nikkei financial daily newspaper reported that "Japan, wedged between the United States and China, tends to feel victimized by both sides, with the United States engaging in 'Japan-passing' and China applying 'pressure from the new Asian giant.'"

A senior official and a private analyst both said that Tokyo fears China may be trying to "drive a wedge" between the United States and Japan.

Detainee In Nigeria May Be Released

Compiled by Our Staff From Dispatches

ABUJA, Nigeria — A senior Nigerian official said Wednesday that the United Nations secretary-general, Kofi Annan, had met with the detained opposition politician Moshood Abiola and discussed terms for his possible release.

"I can assure you that the two men have met and also that no final conclusions have been made as regards a release," the senior official said.

The official declined to give the exact time and place of the meeting. UN officials said that they could not confirm or deny that any meeting took place and added that any questions would be answered by Mr. Annan at a briefing Thursday.

"Everybody wants Abiola to be free, but he must understand that any mandate he may have had has by now expired," the official said.

Mr. Abiola declared himself president in 1994 on the basis of winning the 1993 elections. Those elections had been voided by the military, though international observers had declared them fair. The military ruler, General Sani Abacha, ordered Mr. Abiola detained. General Abacha died suddenly June 8. His successor, General Abdulsalam Abubakar, has freed at least 30 detainees.

Earlier in the day, the Commonwealth secretary-general, Emeka Anyaoku, also met with Mr. Abiola.

A Commonwealth official said he was unable to reveal what the two men discussed. Mr. Anyaoku is on a five-day visit to Nigeria.

The Nigerian foreign minister, Tom Ikimi, suggested in an interview with the BBC that it appeared an agreement could soon be found on releasing Mr. Abiola.

The "circumstances of Chief Abiola's detention have to do with his declaring himself president four years ago, which is indeed treasonable in the Nigerian law," Mr. Ikimi said.

"But, of course, this is the time for reconciliation, the time for actually putting things behind us, and I would not be surprised if all sides, including Chief Abiola and the government, reach some agreement that would be in the best interests of our country."

The rumored arrangement is that Mr. Abiola would agree to give up his claim to the presidency and the government would give him some recognition in an interim government, leading to eventual elections.

General Abubakar has pledged to make way for an elected government by Oct. 1. (Reuters, AFP)

New UN Sanctions For Angola Rebels

The Associated Press

UNITED NATIONS, New York — Angola's former rebels came under strong new UN sanctions Wednesday after failing to abide by terms of the 1994 peace plan, UN officials said.

The sanctions freeze UNITA's foreign bank accounts, ban its diamond exports and prevent all air and water transport into and out of rebel-held territories.

The Russian ambassador, Sergey Lavrov, said the Security Council couldn't rule out future sanctions "if UNITA doesn't implement its obligations."

The Council approved the sanctions last month to punish UNITA for failing to hand over its central highland strongholds to the government and take major steps to demilitarize its armed forces.

UNITA agreed to do so as part of the 1994 peace agreement signed with the government in Lusaka, Zambia, to end the two-decade civil war. But UN officials have complained that UNITA has consistently stalled in carrying out the pledge.

The latest deadline to comply was Wednesday, and the triggering of sanctions was automatic.

The sanctions come as the United Nations tries to regroup its mission following the death of the special UN envoy to Angola, Aljorne Blondin Beye, in a plane crash Friday.



President Clinton visiting an Internet café in Shanghai on Wednesday as students showed him their computer.

STRIKE: General Motors Prepares for a Long Work Stoppage

Continued from Page 1

competitors have taken steps to improve productivity, to contract out parts manufacturing, known as outsourcing, and to respond more quickly to changes in the marketplace.

But union workers at the parts plants whose walkout precipitated the shutdown fear that those gains in productivity will only come at the expense of their jobs.

One example: It takes 34,000 parts workers to make 1 million GM cars, nearly twice as many people as at Ford and Chrysler.

Those numbers translate into big differences in the bottom line. Last year, GM earned an average of \$850 on every vehicle it made, compared to \$1,520 at Ford, according to Harbour & Associates Inc. of Troy, Michigan, a consultant to the Big Three automakers on manufacturing productivity.

"This is a very crucial strike," said a Wall Street analyst who asked not to be identified. "Everybody here on Wall Street knows that it's going to cost GM in the short term." But, he added, "if GM comes out on the right side of this, GM gets more flexibility in terms of

work rules and outsourcing and becomes more competitive. The outcome will gauge for the next five to 10 years on how much more competitive GM can become — or not become."

An auto industry analyst, Scott Merilis, of Merilis Automotive International Inc., predicted GM could lose at least one-half of a percentage point from its shrinking market share if the strike is not settled soon. As recently as 1978, GM had a 46 percent share of all vehicles sold in the United States. By 1988, that number had dropped to 35.2 percent and today it's 31.4 and falling.

Executives from other auto companies said privately this week that they believed GM had made a conscious decision to lose more market share if necessary, as long as the payoff is going to be increased productivity.

At the Flint metal stamping plant where the current strike began June 5, the union claims the company has reneged on a promise to invest \$300 million in the plant; the company insists the union has broken its promise to change work rules that allow about 1,500 workers in the factory to go home after they have completed their daily production quota.

GM says this rule allows many workers to get a full day's pay for a half day of work. Many of these workers then stay on and collect overtime for the last four hours of the shift, GM says. The company has said it will not invest another dollar in the plant until the rules are changed.

Over the past 20 years, GM has gradually trimmed 297,000 hourly workers from its U.S. work force, cutting the overall work force from 520,000 to 223,000, mostly by attrition. But Ford and Chrysler, faced with the prospect of bankruptcy in the late 1970s and early 1980s, cut their already smaller North American payrolls in half to survive financially.

GM long has been criticized for moving too slowly in closing plants and reducing production costs. But Harbour contends that, until recently, GM slowly had been closing that gap.

Ford and Chrysler were not sitting around waiting for GM to catch up. GM's two biggest rivals accelerated their cost-cutting programs, thereby once again widening the gap — and forcing GM to take a tougher stand with the United Auto Workers union.

CLINTON: China's Course Draws Praise

Continued from Page 1

to exert influence, rather than trying to act unilaterally.

"And so the United States' role I think is to try to create a structure where more likely than not the right things will be done when problems arise — not to just do it all ourselves or tell other people what to do," Mr. Clinton said.

He was sending subtle and somewhat contradictory messages to different audiences in China. His words offered reassurance to President Jiang Zemin and other leaders in Beijing that the United States would not and could not impose its will on China.

But he was also signaling to the Chinese public — and to domestic critics of his policy of engagement with China — that he would continue to press Beijing to allow greater personal freedom and take steps toward a more open political system.

"I think there's a genuine movement toward openness and freedom in China, which obviously as an American, and as an American president, I hope will continue and increase and which I believe is right — morally right — but I also think it's good for China," he said.

The interview with the president was conducted by Shui Junyi, anchor of CCTV-1's popular public affairs program "Focus" and Chen Xiaowei, an anchor on CCTV-4, the state network's international channel and host of a Sunday news program.

The questioning was gentle, particularly compared to the grilling Mr. Clinton got from several students at Beijing University on Monday, who challenged him on U.S. policy toward Taiwan and human rights in America.

He said the most gratifying thing about his trip was the decision by Mr. Jiang to allow their press conference and the Beijing University speech to be carried live on Chinese television.

He said he was surprised and pleased by the decision to allow the "open, sweeping communication" with the Chinese people that those two events afforded.

"That I think was very good," Mr. Clinton said. "I think it was also good for the Chinese leaders."

Mr. Clinton sat for the 20-minute interview at the modern Shanghai Stock Exchange, where earlier he received a rousing welcome from traders on the floor.

At the exchange, Mr. Clinton conducted a roundtable discussion with young entrepreneurs, who told him of the difficulties in starting a new business, securing venture capital and dealing with the bureaucracy. Mr. Clinton told the businessmen that they were an important force for change in China and a source of the new jobs that will be needed as state-owned enterprises close.

Mexico, though it shares a long border with the United States, feels protected from overexposure to American culture by the Spanish language.

American films and television programs are popular, but the need for translations limits their appeal.

lywood has to offer," said Mrs. Copps, an outspoken critic of U.S. policies on cultural exports. "In Canada, we also know, however, that culture is more than Hollywood."

Mexico, though it shares a long border with the United States, feels protected from overexposure to American culture by the Spanish language.

American films and television programs are popular, but the need for translations limits their appeal.

CULTURE: U.S. Gets Cold Shoulder at Conference on Protection of National Heritages

Continued from Page 1

send observers from the embassy in Ottawa.

Observers and participants said the morning sessions went by without any open hostility to American policies.

Still, American officials tried their best to keep the obvious slight from turning into yet another dust-up over cultural policies.

Gordon Giffin, the U.S. ambassador to Canada, said he met recently with Canada's minister of heritage and culture, Sheila Copps, and discussed at length the blurry line between culture and the entertainment industry.

"I'm hopeful that we'll be able to try to work things out," said Mr. Giffin, who attended a dinner Monday night for the culture ministers at the Canadian Museum of Civilization in Hull, Quebec.

Not everything that transpired here was as low key as Mr. Giffin's statement suggested. Canada and Mexico share little with countries like Iceland, Croatia and others that attended the meeting here except a fear that Hollywood and the American entertainment industry threaten their cultures.

The countries that participated want to form a special partnership with enough clout to ensure that culture is treated as an important characteristic of a nation's identity — not just another category of merchandise governed by new international treaties that seek untrained trade—including films, television programs, books and magazines.

"Culture should not be locked up in agreements on investment," said Marita Ulvskog, Sweden's minister of culture. At a similar meeting on culture in Stockholm in March, sponsored by the United Nations, delegates recognized a need for closer cooperation to protect their cultures.

They agreed to press for special exemptions for cultural needs in negotiations for the latest global trade pact, the Multilateral Agreement on Investment.

Here in Ottawa, concrete actions seemed to be few beyond establishing a worldwide website for culture ministries.

But there was an outpouring of concern over the loss of culture to the marketplace.

Because most of its population shares both the English language and a continent-wide border with the United States, Canada is in a unique position. Sixty percent of all the books sold in

Canada come from other countries, primarily the United States.

Three-quarters of all the music played on Canadian radio is not Canadian. Four or five magazines sold on newsstands in Canada are from abroad, primarily the United States.

And when it comes to films, 96 percent of what is shown on Canadian screens is foreign, the overwhelmingly majority from Hollywood.

"We appreciate the best that Hol-



AUSTRIA TAKES OVER — Chancellor Viktor Klima of Austria, left, with Presidents Jacques Santer of the European Commission, center, and Thomas Klestil of Austria during a "Festival for Europe" in Vienna on Wednesday as Austria took over the six-month presidency of the European Union.

Swiss Criticize Lawsuit By Holocaust Victims

Reuters

ZURICH — Switzerland on Wednesday criticized the latest U.S. lawsuit by Holocaust victims seeking compensation for assets it allegedly took from Nazi Germany during World War II.

The suit filed in Washington this week against the Swiss National Bank is "politically unacceptable and legally untenable," the government spokesman, Achille Casanova, said in Bern.

The government supported the bank's position that it would fight the class-action suit and not join talks among Swiss commercial banks, Jewish groups and Holocaust victims seeking a settlement of wartime claims.

The latest suit demands the return of gold and other assets that the bank allegedly took from Nazi Germany and an audit of its transactions from 1939 to 1950.

سازمان اطلاعات

INTERNATIONAL

From Gucci, a Flash of Optimism

By Suzy Menkes
International Herald Tribune

MILAN — Sport, sex and celebrities — but not necessarily in that order — are at the heart of the current summer menswear season.

With clothes looking at first glance like something you might have in your sports locker or buy from The Gap, the designer skill lies in giving sportswear a spin.

Two American designers defined the spirit of the season. From Calvin Klein on Wednesday came a monochrome collection of luxurious clothes inspired by

MILAN MENSWEAR

active wear — down to the drawstrings at waist and ankles that made jogging pants out of business suits. They just might play for Casals Friday on Wall Street.

Gucci's Tom Ford showed a candy-colored, larger-than-life side of high-action America — with rapper pants, surfing boots, rose-tinted shirts and rhinestone cowboy gear. His flash was a smash.

After four days of viewing tasteful minimalist menswear with sporty details, the fashion pack was ready for something different. And Ford knows how to deliver, from the specially commissioned rap music of Puff Daddy beating out "Gucci" to the fast-paced movie backdrop of swelling waves or a road movie on the Las Vegas strip.

"Optimism — I want people to be happy," said Ford backstage about the upbeat message of colorful clothes that included romantic flower prints used as

a touch of embroidery on a military shirt, or to eye-popping effect on scuba-diving pants. Think of a sleek macho version of Dolly Parton and you get an idea of the sugar-pink color palette and the Mid-nite Cowboy gear decked out with feathers, but worn with simple T-shirts.

Ford's strength is that he presents his brief collection at a rollicking pace and with a sense of humor. At one powerful moment, the Gucci show hip-hopped between Italian elegance and American cool, mixing sharp-shouldered, double-breasted jackets with ultrabaggy pants low-slung at the waist. That was the nearest the show got to a suit — from a designer whose skinny jackets and pants have defined the look of the 1990s.

For sportswear, de luxe there were rapper-cum-cargo pants in soft leather or luxury sweats with padded knees and ankles. And Ford never forgets those juicy Gucci trademarks: the red-and-green striped webbing dangling from zippers at flies or ankles, or Gucci-meets-Nike sneakers in "G"-print canvas.

It takes nerve and nerve to know when to break your own mold. With this collection, Ford again set Gucci's cracking forward pace.

Calvin Klein was heavily into sport, but with the lightest of fabrics that made jackets seem weightless, track tops no more than hooded shirts and sweatshirts sheer veils across the chest.

"I always work out," Klein said after the show, kidding about the sporty message that brought more strings than you would find on a parachute. They hung from jackets, parkas and from waists or ankles of track pants.

Since shapes were easy — square-cut

utility shirt-jackets and fluid pants — the message was in the fine-tuned details and in the fabrics, which were natural blends with rough, dry textures. There were nice touches to the leather outfits, like the suede polo shirt perforated into a sports mesh.

If the workwear feel of the casual clothes was fine, the suits for work posed a problem. The big ease seemed to make the unconstructed shapes sloppy and soggy. Putting sheer polo shirts underneath or offering drawstring pants seems like a runaway gimmick.

It was back to the locker room — or rather, ice-skating rink — for Dirk Bikkembergs, whose sportswear message was about sweaters plunging over muscular pectorals, pants flashed down the side and coats fastened with squares of velcro. Fabrics with a sheen and graphic patterns made the collection dynamic, but showy.

Trussardi fielded the movie celebrity Stephen Baldwin (Alec's hip younger brother) sitting front row. The essence of cool, he opened lazy, heavy-lidded eyes on the sweaters and cardigans that were zippered, or with the inevitable drawstrings. With its utility jackets, over-shirts and crunchy sweaters, the show hit all the trends, adding butter-soft leather for a luxurious cycling vest, for shorts and for the classy bags the guys toted onto the runway.

In a move that called into question her commitment to European expansion, the American designer Donna Karan canceled on short notice her Milan presentation, which was to have taken place Wednesday. At her showroom, a notice told visitors the show would be held in New York on July 30.



Gucci's rhinestone cowboy pants with T-shirt.

A Shrine to Diana Delights the People

Spencers Open Museum to Public

Compiled by Our Staff From Dispatches

GREAT BRINGTON, England — Admirers of Diana, Princess of Wales, many bearing armloads of lilies, passed through the imposing stone gates of her ancestral home Wednesday to pay respects near her grave site and to see mementos of a life that ended dramatically nearly a year ago.

Althorp House, the Spencer family's rural estate, flung open its gates Wednesday to welcome Diana fans and curious onlookers to a new museum and a first glimpse of the island where she is buried.

On the day that would have been her 37th birthday, they went to see the letters she wrote as a schoolgirl, the stunning silk dress she wore as a bride setting out on an ill-fated royal marriage and the high-fashion outfits she later wore.

All are on exhibit in a new museum built by Diana's brother, Earl Spencer, at the Althorp estate in rural Northamptonshire that is open to paying visitors for the next two months. Daily visitors are limited to 2,500 people with pre-purchased tickets.

Lord Spencer has sold nearly 150,000 tickets, at prices ranging from £5 (\$8) for children to £7.50 for senior citizens and £9.50 for adults. He has said that profits will go to charity.

Visitor facilities at Althorp include a restaurant and a shop selling a range of souvenirs associated with Diana, "but not cheapening her memory in any way," the estate says.

Lord Spencer, greeted the visitors with smiles and posed for photographs in the grounds of the house, which cynics have called "Dianaville," but which the first delighted tourists said was tasteful and dignified.

"It is wonderful," said Susan Shepherd who came with her 11-year-old daughter.

"It is the right place for her. I can feel she is here."

There is a fantastic feeling of peace."

Inside the grounds of the stately home in central England, a Diana museum — the first and so far only memorial to the "People's Princess" — celebrates her life with exhibitions of her toys, clothes, her romantic 1981 wedding dress and poignant films of her as a carefree child dancing in the gardens and later on a ride with her sons, Princes William and Harry.

"It was very tasteful, well put together and very moving," said Susan McNulty, 33. "People were quiet and reflective."

From the early school reports to moving footage of her funeral, the museum traced the life of the girl who became a princess and touched the hearts of millions with her unique blend of glamour, compassion and love-hate relationship with the media who pursued her until death.

But the men in her life were notable only for their absence. Visitors said the museum made no mention of Dodi al Fayed — the man who died with her in the Paris car crash and who appeared to have won her heart in the last two months of her life.

Prince Charles, her estranged husband, is not featured prominently in the exhibition, and Diana's former lover James Hewitt is not referred to at all. "It's as if the Spencers are trying to reclaim her as their own," one visitor said. (AP, Reuters)

Ratifying Mine Ban

Completing an about-turn on Diana's birthday, Prime Minister Tony Blair said Wednesday that a bill to ratify an international treaty banning land mines would be published next week. The Associated Press reported from London.

"If legislation is completed in July, as we wish it to be, then we will be amongst the first 40 nations to ratify — as we promised to do," Mr. Blair told the House of Commons.

BRIEFLY

New Resistant Strains of HIV Described as 'Wake-Up Call'

GENEVA — Researchers said Wednesday that the emergence of transmissible strains of HIV that are resistant to the most potent drugs should be an important warning sign but not a reason to panic.

American and Swiss scientists reported cases of men who had been infected with a strain of the virus that was able to multiply even in the presence of protease inhibitors, the most powerful weapon against AIDS.

The 12th World AIDS Conference was told of the case of a middle-aged San Francisco man who was infected with HIV that was resistant to six of the 11 marketed anti-retroviral drugs, including protease inhibitors. A similar case in Geneva was reported.

Dr. Anthony Fauci, of the U.S. National Institutes of Health, said the reports were "a wake-up call" and that the men with the new strain were in a similar position to people

infected in 1983 when there were no anti-viral drugs.

Jo Reinders, a Dutch activist, said, "We should be very aware that the HIV epidemic is not over. With this case you can see again the importance of prevention." (Reuters)

Rebels Claim They Killed Singer

ALGIERS — Algeria's most radical guerrilla faction, the Armed Islamic Group, has claimed responsibility for the killing of the Berber singer Lounes Matoub, according to a statement published in Algeria and abroad.

Mr. Matoub was a popular figure outspoken in his opposition to both the government and Islamist rebels. The rebels' statement called him "among the most stubborn enemies of religion." His murder last week sparked riots in Berber-dominated northeastern Kabylie in which at least four protesters were killed and scores wounded.

The rebel claim could not be confirmed by independent sources. But the Algerian government has blamed Muslim guerrillas for the killing. (Reuters)

National Test Stumps Canadians

TORONTO — Many Canadians think the country's motto is France's "liberty, equality and fraternity," according to a National Day survey, and only half the 1,500 respondents got a passing grade on questions about history, politics and geography.

The results gave fresh ammunition to those who say that Canadians know too little about their country. (AP)

15 Injured in Guyana Protest

GEORGETOWN, Guyana — At least 15 people were injured when police fired rubber bullets to disperse anti-government protesters in Guyana's capital.

The demonstration by about 200 people was organized by followers of a former president, Desmond Hoyte, who has refused to recognize the election of American-born Janet Jagan to the presidency in December. (Reuters)

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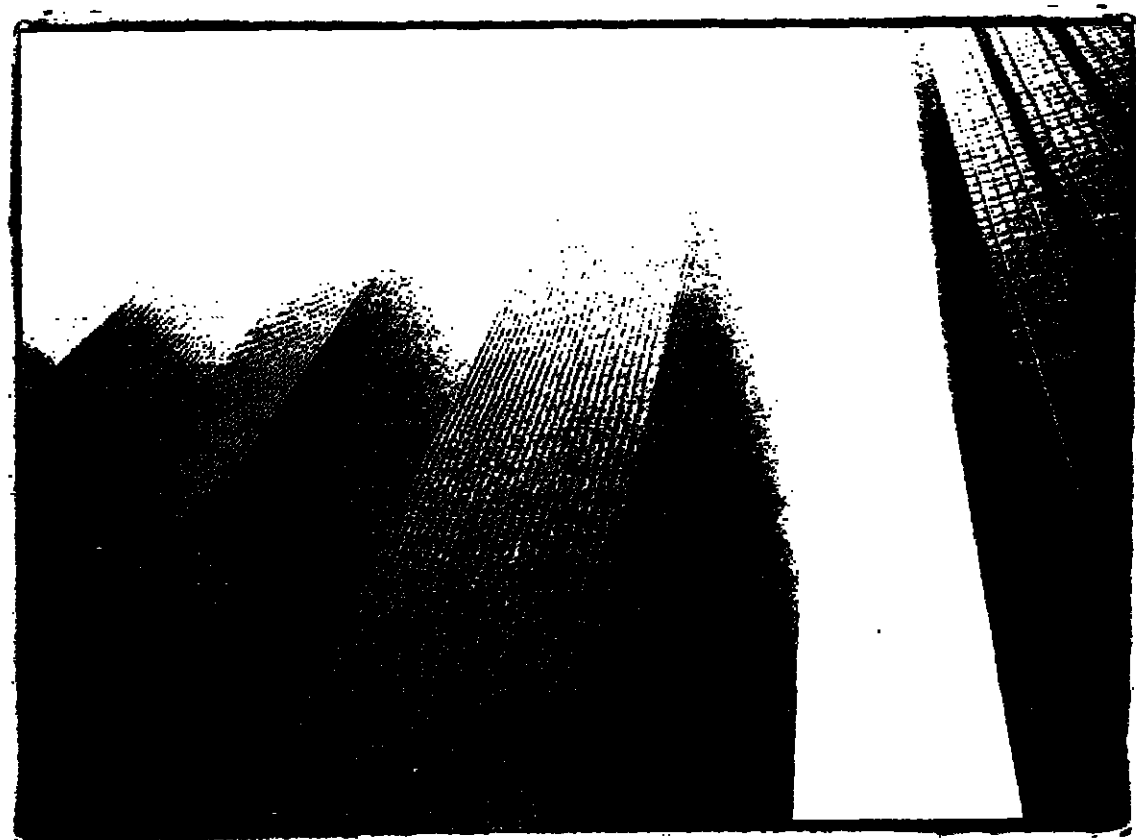
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Computer Plumbs Michelangelo's Pieta

Can 80 Gigabytes Solve an Artistic Enigma?

By Michael Specter
New York Times Service

FLORENCE — He was a sick old man when he started the monumental project, unable to climb stairs without pain. Often, he could not work. But at some point in the middle of the 1540s, Michelangelo began carving what many art historians regard as his most mature and provocative sculpture, the piece now known as the Florentine Pieta.

The sculpture was enormous — nearly 2.5 meters (8 feet) tall. Michelangelo intended the statue for the top of his own tomb. But one day, without a word of explanation and after a decade of brutal labor and emotional pain, the artist took a sledgehammer to it.

He broke away hands and arms and legs and nearly destroyed the work before one of his most devoted servants dragged him away. Eventually it was patched together by one of his less talented assistants.

"Why did he do it?" asks Jack Wasserman, professor emeritus of art history at Temple University, echoing a question that has tormented researchers for four centuries. "What was it that happened that led him to break apart one of his greatest works of art?"

The usual answers — that Michelangelo was a perfectionist, that he was enraged by discovering flaws in the marble, that he was angered by a mistake in his composition — do not really satisfy anybody.

So at the request of Mr. Wasserman, who is preparing a lengthy book on the Pieta to be published this year by Princeton University Press, a team from the visual — and geometric — computing department at the IBM T.J. Watson Research Center in Yorktown Heights, New York, decided to get involved.

Now scientists, armed with special photography equipment, lasers, X-ray machines and the most powerful computers in America, are trying to help resolve one of the most intriguing mysteries of Renaissance art. But it will not be an easy task.

"There are many problems here that I realized I would never solve by normal means," Mr. Wasserman said. "I wanted to be able to move the statue, to take it apart, to see it the way it was when Michelangelo broke it up. How was I ever going to accomplish any of that?"

In addition, Mr. Wasserman said he wanted to be able to look at the statue's

individual parts and understand what it looked like before the broken pieces were put back on.

Working with a special visual shape camera called a Virtuoso, the IBM researchers are compiling the most complete digital documentary ever attempted of any sculpture. Using the camera, which was originally designed for plastic surgeons to take three-dimensional photographs, scientists were able to take thousands of accurate 3-D pictures of every millimeter of the gargantuan statue.

The camera works by taking several pictures of images at the same time from slightly different perspectives, creating something like a three-dimensional map of the area. Thousands of maps are made, and then they are merged with the help of the computer.

The camera also takes color pictures at different distances and in varying light. They too are blended by computer.

Working at night when the statue's permanent home, the Museo dell'Opera del Duomo, is closed, the team has so far assembled more than 10 million data points — essentially digital recollections of parts of the statue — that will be merged to create with astonishing fidelity the complex contours of the chiseled stone.

The team has collected enough data to fill 8 gigabytes of hard disk space — four times the size of a normal hard disk in today's average computer. When they are done, the researchers will have gathered at least 80 gigabytes of information needed to create an image of the statue.

That is actually the easy part. Creating a program that will allow the picture to be compressed enough so that it can be placed on the Internet, and made available to millions of people, might prove far more difficult.

"You see some nice three-dimensional graphics," said Gabriel Taubin, the manager of the visual research team at IBM. "But not on this scale. To recreate something as complicated as this statue is an extremely difficult research problem. To merge thousands and thousands of pictures into something that gives the appropriate sense of space and shape and contour is really very hard to do."

"And then to make it approachable by anyone who wants it, well, that's our goal."

Mr. Wasserman has a different goal. He wants to understand the statue — and he wants to be able to see it from every possible angle. Once the IBM team finishes its work, it should be possible to look at it with the arms and legs missing and perhaps see what Michelangelo was up to.

It will be possible to look at the monument as if it were on top of an altar or tomb, as the artist had intended. Most important, it will be easy to manipulate



Michelangelo's Florentine Pieta in the Museo dell'Opera del Duomo.

the model of the massive block of stone — and to vary the light conditions under which it is seen.

But there is no computer program, no feat of technical virtuosity or sophistication that could possibly compare to being in the room with the Pieta. It is hulking and tragic and dominates the space allotted to it here.

Every statue is a unique collection of shapes, but this Pieta is particularly complex. A computer model might let a viewer get a glimpse inside the head of the artist. One of Christ's legs is still missing. It has been suggested that the only place it could have fit in the composition is draped over the Virgin.

And that might have pushed Michelangelo beyond what he and his church regarded as the bounds of decency. With the IBM model, it will not be difficult to add a virtual leg or to see what sort of statue would have come from it had Michelangelo done the same thing.

There is also a danger, cited by Mr. Wasserman and many other art historians. Even if the computer can "fix"

and embellish art, it cannot reproduce it. There will always be only one Florentine Pieta, no matter how useful or important its virtual offspring may become.

"This is a profoundly moving and rich reflection of the times in which it was created," said Monsignor Timothy Verdon, who is head of cultural programs for the Roman Catholic Church in Florence and a historian who has written a chapter, to be included in Mr. Wasserman's book, about the religious significance of the statue.

"Of the three Pietas that he did, this is the most complex, the most interesting. It is the one that still has the power to move people to prayer."

So, could understanding one of what Father Verdon calls "the great works of his old age, one of the great works of the Renaissance," be aided by the use of fancy technology from the late 20th century?

"I don't see how," he replied with a bemused smile. "I'm not a Luddite by any means and I appreciate what Jack is trying to do. I certainly respect his work. But you can look at a model forever and you won't see what is in this room."

ALT / Commentary

Mobile Phones Move In On the Terrain of the PC

By Mike Mills
Washington Post Service

WASHINGTON — How could I help but imagine that I was Val Kilmer in "The Saint"?

I was, after all, racing in a taxi toward La Guardia Airport, tapping furiously on a Nokia 9000i cellular phone/Web browser/e-mail device — the same gadget that Mr. Kilmer relied on to get him out of trouble in his 1997 master-of-disguises thriller.

No bad guys were shooting at me from behind. Still, there was suspense, and there was a fast-moving vehicle, as well as a race between the clock and technology.

All right, I hyperbolize. The suspense boiled down to a question: Could this thing, before the cab reached the airport terminal, actually allow me to make a wireless call, cruise the Web and download my e-mail at 40 miles per hour, all while being in "roaming" mode away from my home network?

If it could not, I had decided beforehand, it was useless.

This isn't Hollywood, so I'll give away the ending. The call went through, I read the latest wire service headlines off the Web, and yes — just as the cab pulled to the curb — the Nokia successfully downloaded half a dozen waiting e-mail messages, allowing me to read them on the plane.

Pretty cool. But there are caveats. The phone is too big and heavy (it's about 6.75 inches by 2.5 inches and about an inch thick, the size of a bulky older cell phone). The data rate is way too slow. And the screen is too small and too hard to read.

Still, the Nokia 9000i is a glimpse at the future of mobile wireless telephony and computing. And, despite its shortcomings, the thing really did turn a 45-minute ride into a productive session of work.

The Nokia 9000i has been in use in Europe for two years but only recently became available in the United States, offered by Sprint Spectrum. Price of the hardware here: \$899. The data service costs \$3 per month and 10 cents per minute, in addition to a regular Sprint Spectrum phone rate plan.

The Europeans are fighting hard to retain their edge in setting the standards for the marriage of wireless and the Web. Last week, the world's three biggest mobile phone makers — Finland's Nokia Oy, Sweden's LM Ericsson AB and Motorola Inc. of the United States — said they would jointly develop a standard for operating software used in Web-based cell phones. That puts them ahead of Microsoft Corp.'s Windows CE, now used in many palm-top computers, and may even lock Microsoft out of that market completely.

Nokia's is a digital wireless phone with a "clamshell" design that, when opened, reveals a small keyboard and monochrome screen. Users can type in Web addresses or choose from a "hot list" to see a site, or send and receive e-mail. There's also a personal organizer, including a note pad and calendar. When the phone cover is open, it functions as a speaker phone, allowing the user to talk and type.

In real life, the Web browser is agonizingly slow, at 9,600 bits per second. Nokia allows you to shut off the graphics and download only text from Web sites, which helps immensely. A user would have to be extremely patient, or wait the information very badly, to put up with the wait to get the full-graphic version of a site.

You also will need patience, and more than a little hand-holding, to get the Nokia hooked up to communicate with your Internet service provider. And expect major hassles if you want the Nokia to jump past your corporate firewalls at work to retrieve e-mail.

That aside, the best features on the unit are its e-mail and fax options. The device pulls down all waiting messages from your e-mail account, then automatically logs you off to save air time. After some fussing with learning how the "outbox" works, I found composing and sending e-mail to be fairly intuitive. When you send a fax, it comes out at the other end with a nice, basic cover sheet.

In all, the Nokia 9000i using Sprint Spectrum's network is a fine way to glimpse where wireless phones are heading. But a glimpse is all it is. It's a Ford Model A in the race to marry palm-top computing to wireless phones.

The next generations of phones will be smaller, have longer battery life, operate at much higher data speeds and have much broader features. It's not outlandish to put it this way: Think of all you do on your personal computer and telephone today, and stuff it all into your pocket.

Whatever standard emerges, it could change the dynamics of the personal computing industry. Some analysts think low-cost palm-top devices with built-in wireless connections will even overtake personal computers.

"The PC's status as the dominant device in the access portion of the digital marketplace will splutter to an end within six years," predicts Frank Coss of International Data Corp. "PCs will be dwarfed by demand for digital consumer appliances that have built-in connectivity and cost relatively little."

If that happens, reality will be one step closer to catching up with Hollywood.

Mike Mills is the telecommunications reporter for the Washington Post.

SITES

More about the Virtuoso visual shape camera can be found at:

www.vistint.com/products/virtuosol/index.html

The IBM research center's site is at:

www.watson.ibm.com/

CompuServe Seeks to Mimic AOL in Key Area: Profit

By Beth Burkstrand
Washington Post Service

WASHINGTON — The venerable on-line service CompuServe unveiled a new format this week that is designed to appeal to the millions of harried professionals who have yet to venture on-line and to get the unprofitable service back in the black by the close of the year.

CompuServe executives say the new, somewhat slimmed-down service with Version 4.0 of its access software is "better, faster and easier," featuring a more graphical main menu with more than 100 links to other pages.

Skeptical devotees of CompuServe had feared that their service's functional appearance would give way to the softer look of America Online after AOL bought CompuServe in February. The new version of CompuServe is not a clone of AOL, but rather a step toward a more graphics-intensive design.

It is a step that has created divided opinions among analysts and users who have seen the face lift, but a step that one CompuServe official said was long overdue. "We've been pretty hard to use for a long time," said Bob Kingston, CompuServe's programming vice president.

Founded in 1979, CompuServe helped pioneer the on-line industry, offering electronic mail and an ever-growing collection of information such as news, electronic discussion forums and financial data. It built a solid core of devoted subscribers, many of them computer specialists and other professionals, but in the 1990s it began to be eclipsed by more consumer-oriented services, notably America Online.

The number of CompuServe users was in a fairly steady decline through 1997, company officials said. They say they have now stopped the erosion, with membership hovering at around 2 million worldwide.

CompuServe officials say they are committed to strengthening the service, with an eye toward appealing to a particular kind of user.

"You hear a lot about surfing the Web, browsing the Web — that's really not what CompuServe is about," said Audrey Weil, CompuServe's chief operating officer and a former AOL executive. CompuServe will aim for "serious, time-constrained adults" who want to accomplish all their on-line needs in 10-minute sessions, she said.

In that vein, CompuServe is not going to try to attract current AOL users. "We're not expecting people to switch to CompuServe," Ms. Weil said. "AOL is always going to be bigger. CompuServe is a bit of a niche."

CompuServe officials said the new version had a simplified installation process and short load time that would ease the trepidation of the inexperienced Internet users they are hoping to attract.

Keith Benjamin, managing director and Internet analyst at the investment firm of Robertson, Stephens & Co. in San Francisco, said he had not used the new service but that, on paper, he liked

its appearance.

"This looks a lot more friendly," he said after seeing a copy of the new CompuServe main menu. "It might open up the popularity to a slightly broader business base."

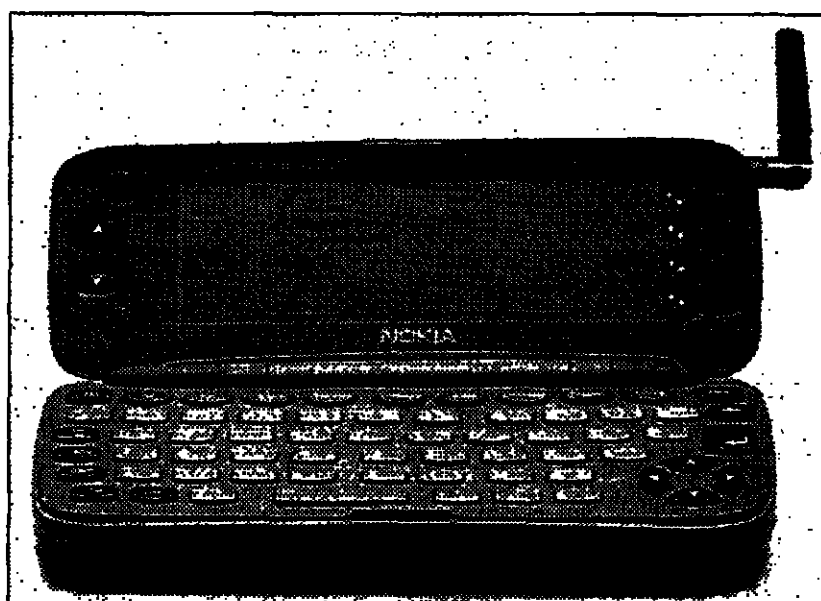
Still, he said that the new version's features might be less important than the service's marketing.

CompuServe plans to market the new version using radio, television and print advertisements, with the line, "Complete. Comprehensive. CompuServe." For those serious about Internet on-line, CompuServe has two membership plans: \$9.95 per month for five hours plus \$2.95 for each additional hour, or \$24.95 per month for unlimited use.

Ms. Weil said CompuServe was on track to be in the black by the end of the year.

Because much of CompuServe's overhead was eliminated when the company was acquired by AOL, Mr. Benjamin said, it "can be incredibly profitable."

"If they can get even the slightest amount of growth, it can be a big deal for AOL," he said.



The Nokia 9000i is a cell phone, Web browser and e-mail device, all in one package. It points to a future where the PC may no longer dominate.

Retired Mainframes Find New Life as Flashy Furniture

By John Markoff
New York Times Service

SAN FRANCISCO — In supercomputing, the time separating the world's fastest computer from the scrap-metal heap is appallingly short.

But when it comes to supercomputers, to become obsolescent isn't necessarily to become useless. While many of these machines are mothballed in dark basements, a few are proudly displayed in private homes as though they were objects d'art.

The obsolescence of a supercomputer is predictable. The reason, of course, is Moore's Law. Three decades ago, the co-founder of Intel Corp., Gordon Moore, observed that every 18 months it is possible to place about twice the number of transistors on the same piece of silicon. So now personal computers are nearly as fast as yesterday's supercomputer — which cost many thousands of dollars more.

The life span of a supercomputer, which may cost upwards of \$30 million, is typically five years, and sometimes far less.

But there is no pasture to go out to when a supercomputer is retired. The life of a machine is nasty, brutish and short. Enter the connoisseurs.

In a warehouse in suburban Seattle,

Nathan Myhrvold, Microsoft's chief scientist, keeps a growing collection now numbering six supercomputers — three early Crays and three Connection Machines made by Thinking Machines Corp. The Cray 1, designed in 1976 by the legendary inventor Seymour Cray, was notable in part because it was a round refrigerator-shaped cabinet encircled by a padded bench.

Today, the original Crays have less processing power than some \$1,000 personal computers, but as fashion statements, their time may be here again.

Mr. Myhrvold is planning a new home that will rival that of his boss, Bill Gates. It will have a living room big enough for a supercomputer.

"The key aesthetic is that it is the most expensive sofa in the world," said Mr. Myhrvold, who bought his machines for their salvage costs or for a few thousand dollars.

Mr. Myhrvold is not the only computer designer who finds the furniture concept attractive. Brewster Kahle, a founder of Thinking Machines, has big plans for his Connection Machine, which has thousands of flashing lights and would look right at home on the flight deck of the starship Enterprise.

"It's a swifly big," said Mr. Kahle. "I think I'm going to need a conference room to display it in, or maybe my next living room."

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TECHNOLOGY INDEX

A glance at technology stock indexes around the world

| North America | Tuesday close | % change previous week | % change year to date |
|----------------------------------------|---------------|------------------------|-----------------------|
| Pacific Stock Exchange Technology | 345.95 | | + 19.06 |
| Standard & Poor's Technology Composite | 896.56 | | + 28.09 |
| Europe | | | |
| Morgan Stanley Eurotech | 684.80 | | + 72.58 |
| Asia | | | |
| Topix Electric | 1788.42 | | + 8.77 |

Source: Morgan Stanley, Bloomberg News

For technology articles from the past week, see the Technology Index on the IHT's World Wide Web site at <http://www.ihl.com>. Articles include:

- Deutsche Telekom Enters Japan Market, June 26
- Metro AG to Sell Computer Unit?, June 27-28
- Behind AT&T's TCI Acquisition: The One-Wire Strategy, June 30
- News Vorp. to Create Entertainment Firm, June 30
- Technology Giants Plan Big Layoffs, June 30
- Computer-Profit Outlook Spurns Wall Street, June 30
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EDITORIALS/OPINION

Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Change in China

Bill Clinton's trip to China has given Americans an extended look at political life in that complex and changing country. Some of what they have witnessed was predictable, including the Chinese government's effort to clear out dissenters from President Clinton's path. But a good deal was not, like the unscripted broadcast in China of his news conference with President Jiang Zemin. The signs of unexpected openness may be the most encouraging development of the Clinton visit.

Whether the change is a temporary relaxation or a harbinger of greater freedom is not clear. China for the most part remains a repressive dictatorship. But modest liberalizing changes have been under way for much of the last year. They seem to reflect the growing confidence and power of Mr. Jiang.

Officially, he has been China's top leader for the past nine years. But it was only after the death of Deng Xiaoping last year that he defined his own position, endorsing accelerated privatization of industry, banking reform and slightly freer political debate. He took another step last weekend by debating some of the most sensitive issues in Chinese politics with Mr. Clinton on live television, including the Tiananmen Square massacre of 1989 and Beijing's policies toward Tibet.

Mr. Jiang's words conveyed important nuances to Chinese listeners. His characterization of Tiananmen as a "political disturbance" departed from

the official line that it was a "counter-revolutionary riot." Also, he offered a dialogue, with conditions, to the Dalai Lama, Tibet's spiritual leader. These words may be taken as a license to broader public debate on both subjects.

Mr. Clinton has also encountered less encouraging attitudes. The nationalistic tone of questions asked by students at Beijing University, China's traditional democratic hotbed, was disheartening. It suggested that heavy government pressure directed against students and faculty there since the Tiananmen repression had changed the intellectual climate.

Ordinary Chinese, however, are somewhat freer today to express political views in private, and freedom can become contagious. Mr. Jiang seems to understand that a society organized around money-making is harder to regiment than one organized around the nostrums of Chairman Mao. Despite censorship and other government restrictions, exposure to global commerce, television and the Internet are chipping away at the old restraints.

As China continues to modernize its economy, it will face new pressures from within and without to open up its political system as well. Mr. Clinton has repeatedly used his public appearances on this trip to point out the connection between economic and political freedom. Millions of Chinese have been listening attentively.

—THE NEW YORK TIMES

A Serious Congress?

Before the House of Representatives broke for the July 4 recess, Speaker Newt Gingrich issued a welcome pledge to get Congress back on track in the international arena. He did not promise to pick up every ball that Congress has dropped, and there are many. But his promises, if fulfilled, would represent a step in the right direction.

On a range of issues, Congress this term has put the United States in a position of abdicating its international responsibilities. Must egregious, and dangerous to America's reputation and effectiveness overseas, has been the failure to approve funds to pay long-overdue U.S. dues to the United Nations. Money for foreign aid and operations also is in danger of being cut this year. Despite financial crises in Asia, possibly now spreading to Russia and beyond, Congress has not agreed to replenish U.S. funding for the IMF, the global lender of last resort. And last fall President Bill Clinton had to pull his request for fast-track trade negotiating authority after he could not assemble a majority in support.

On most of these issues, the Clinton administration has lobbied hard to overcome congressional resistance. Its failure does not stem so much from a trend toward isolationism in Congress as from coalitions and objections that are specific to each issue. Opposition to fast-track, for example, dwells mostly among Democrats concerned

about jobs migrating overseas. A group of House Republicans has delayed UN funding as a tactic in an unrelated dispute over abortion. IMF funding is even more complicated; congressmen on both left and right object to the secrecy with which the IMF operates and, in some cases, to the economic medicine it prescribes.

None of these objections is trivial, but taken together they create the appearance of a drift toward isolationism, withdrawal and hesitation in the face of global economic crisis.

The speaker unfortunately did not address the question of United Nations dues, and in his promise of a September vote on fast-track there may be something of a taunt to Democrats, who don't want to face this issue before the elections. The politics work differently for Republicans. Mr. Gingrich made his pledge to the House Agriculture Committee chairman, since farmers are especially concerned about the dwindling of export markets. Business groups, too, have complained that the Republican Party have long supported its wavering in its traditional backing for free trade.

That politics are involved, however, does not detract from the value of Mr. Gingrich's pledge. If political pressures now push Congress toward an acceptance of its international responsibilities, that is all to the good.

—THE WASHINGTON POST

Other Comment

Aid Can Really Help

Poverty is a very serious problem—1.3 billion people live in extreme poverty, making less than \$1 a day, and that's a very, very serious problem. And if you were to summarize the effort, the goal of the entire development community, it is to try to eradicate poverty.

I think a lot of the reason for the rise in per capita income has been the end of the Cold War, where we no longer have these severe ideological debates. But economic assistance has been an important part of it because one has to understand that many of these poorer countries did not have the resources to invest in human capacity. They did not have the resources to provide health care for their own people.

So when you take, for example, South Korea: The United States alone invested \$16 billion in Korea in the 1950s, and most of that money was spent on education and health care. That provided the productive base for Korea's economy and for its economic growth today.

You take that story and you repeat in many times over, and if you look at all of Latin America, which has been a tremendous success story in terms of development, I think you'll see that development assistance and the tech-

nical advice received from many of the countries that had already achieved economic growth played the crucial role.

—J. Brian Atwood, administrator of the U.S. Agency for International Development, at a special State Department briefing on Monday.

Muslims Belong in India

Over many centuries, India developed some important centers of Islamic thought that continue to enjoy considerable prestige throughout the Islamic world even today.

We are proud of the fact that India has the second largest Muslim population in the world and enjoys the same rights and status as conferred on all Indians by our constitution. India is a "secular" state and has guaranteed the cultural rights to her various communities. This has made India a truly pluralistic, multicultural society.

My government is committed to upholding the rule of law and the provisions of the constitution. We are an open, democratic and tolerant society. All minorities are safe in India, as India is their motherland, as much as it is of the majority community.

—Atal Bihari Vajpayee, prime minister of India, in an interview conducted for the Saudi Gazette (Los Angeles Times Syndicate).

Look Out, America, History Doesn't Stand Still

By Jim Hoagland

WASHINGTON — Three vignettes illuminate the enduring hydraulics of global power at the end of the 20th century.

OPEC members are struggling to get the inflation-adjusted price of crude oil back up to 1973 levels, when producers turned the world upside down. Humbled by market forces that its temporary success set in motion, oil power is old power today, weakened also by its own excesses and vulnerabilities.

Meanwhile, Japan, which replaced OPEC as the Godzilla of the global economy in the 1980s, is trying to recover from recession and a domestic banking crisis that makes America's S&L bloodletting look like a shaver's nick. Today as much as \$1 billion a day flees Japan's capital markets in desperation, landing for the most part in U.S. financial paper and driving the once mighty yen through the floor.

Politically as well as an old order struggles to maintain an eroding balance. Russia and France, which have seen their global clout diminished in this decade, battle diplomatically to keep decisions about action on Kosovo and Iraq out of NATO, where they have uncertain influence, and in the United Nations Security Council, where they

are two of the five members who have permanent seats and veto rights.

Russia and France make little secret of a determination to use international decision-making bodies where they can wield historically granted influence to slow the flow of power to others.

That ambition also underpins their strong insistence on using the Security Council's Permanent Five group as the chief forum for discussion and action to respond to nuclear weapons testing by India and Pakistan.

These mid-1998 moments in looking backward — OPEC's efforts to fix its price-fixing system, Japan's escape from its own money, and French-Russian multipolar diplomacy — are separate events with their own causes and effects. The nonlinear binges of history apply: Revolution in Saudi Arabia could bring OPEC's clout back overnight; Japan still has a mighty if out-of-whack economy; France and Russia have ambitions other than obstructionism embedded in their foreign policies.

But they are all instructive rearguard actions triggered by a need for stasis that nations, like humans, find

necessary to establish and impossible to maintain indefinitely.

Statesmen, perhaps under the influence of their own eloquence and importance, often underestimate the extent to which global power operates as a hydraulic system. In politics as in economics, disruption of an existing balance creates an opposite, reactive force that pushes back toward equilibrium.

Usually the new effort will overshoot its target and bring a new imbalance, which in turn must be diffused and eventually corrected. History is not an ash heap as Marx suggested, or the domain of one indispensable nation, as others argue, but a constantly churning piston.

There are direct and specific causes for the division and reunification of Germany; the creation and dismemberment of the Soviet and other empires in this century; the rise, fall and rise of American global economic dominance since 1945.

But just as Americans were wise to question the inevitability of U.S. decline that was widely and wrongly predicted in the 1970s, they should be slow to accept suggestions that today's American ascendancy in global affairs is an unalterable condition beyond the reach of history's hydraulic urge.

OPEC's power seemed unalterable to those who wielded it in the oil crisis days of 1973 and 1979, but the cartel's pricing system opened the way for other players to change the market. Mismanagement, corruption and venality by national leaderships robbed most OPEC member states of the vitality and maneuvering room needed to respond to a world they forced to change.

The United States is not likely to make those mistakes. But it is not immune to more subtle ones. Is it possible that this year's gigantic and accelerating capital flow from Japan into America's excessively exuberant markets is a disguised export of the financial bubble that laid low Tokyo's markets? It is a question worth asking now, rather than after the fact.

In every era, men and women have displayed a boundless ability to allow success to turn any nation or enterprise complacent, inattentive and even lazy, while hardship makes some other group or nation hungry, determined and focused enough to appropriate the success of the moment.

This is the force of human nature, not grand political or economic theory, which drives the piston of history.

The Washington Post

A Year of Asian Crisis: Lessons for Losers and Winners

By Thitinan Pongsudhirak

BANGKOK — One year after igniting Asia's financial crisis, Thailand has been learning the painful lessons of taking on the forces of global financial markets without proper preparation.

The Thai private debt crisis, rooted in a profligate and unprofessional finance and banking sector, was not unprecedented. A similar disaster had convulsed the country in the early 1980s when a string of finance companies and wobbly banks had to be taken over.

The major differences in 1997 were: an open capital account allowing free movement of foreign money; the unsuccessful attempt by the Bank of Thailand, the central bank, to defend the overvalued baht, instead of devaluing it as in 1981 and 1984; and collusion by senior central bank officials with a

group of unscrupulous commercial bankers and politicians.

The result was that the central bank's mismanagement of one medium-sized commercial bank that was insolvent led to a systemic financial collapse, sparking a regional panic.

Thailand's protected and largely family-controlled banking and finance industry contained many structural weaknesses. These were quickly exposed. Controlling a large chunk of the country's wealth, Thai banks and finance companies had long engaged in unsound lending to relatives, friends and associates.

Reinforced by shoddy accounting and auditing standards, such practices were based on personal connections, rather than on business merits.

They were perpetuated by a pattern of social relationships that tended to create and keep wealth inside the elite at the expense of the majority of the Thai population of 60 million who live outside Bangkok.

Hence the ever widening income disparity between rich and poor, and between Bangkok and the countryside, in the previous decade of rapid economic growth.

There would not have been such glaring inequality in income distribution if the government had been more adept at handling the newfound wealth. But tax codes and collection were defective. Tax evasion was rampant. Few paid attention to the problem because state revenues were increasing steadily as the economy expanded.

Part of the problem was that laws and regulations were either inadequate or ineffectively enforced. The police, public prosecutors and the judiciary did not always act independently.

Graft and inertia in the bureaucracy siphoned off, or slowed, public spending on national development projects. Political leaders played a role in this vicious circle, taking money from public contracts to pay for re-election expenses and advance their vested interests.

It takes a crisis to change such an entrenched, deeply flawed system. Without the shock of economic adversity of the scale that has hit Thailand, the country's finances would not have been reformed to meet the demands of globalization.

Two lessons are to be drawn from the crisis. Developing countries elsewhere should

streamline and strengthen their financial systems voluntarily before a crisis forces them to do it in difficult circumstances.

And the IMF and developed countries need to reconsider their policy of pushing for a free flow of capital in and out of developing nations. They need to balance the pace of liberalization with the readiness of local financial systems.

Unfettered capital flows may be beneficial to international bankers and fund managers. But, as the East Asian experience now shows, when financial systems implode, the adverse consequences can be felt around the world.

The writer is a lecturer at Chulalongkorn University in Bangkok. He contributed this column to the International Herald Tribune.

The Case for an Asian Return to Fixed Exchange Rates

By Malcolm Dowling

MELBOURNE — A year ago this Thursday, Thailand's defense of its currency failed. The baht fell sharply, triggering a downward spiral of other currencies in East Asia.

Japan, Indonesia, Thailand, South Korea and Malaysia are in the grip of recession. The Philippines, Singapore and Hong Kong may soon follow.

The macroeconomic adjustment measures undertaken at the behest of the IMF have not produced the desired effect. Something more needs to be done to restore confidence. A dramatic shift in perspective is needed if Asia is to extricate

itself from a spiral of negative expectations, weak currencies and falling demand.

Producers of manufactured goods are being starved of credit as monetary policies are tightened. But such policies have failed to restore stability.

The common thread that runs through the countries hit by the crisis is the failure of exports to pick up despite much more competitive exchange rates. The reasons: lack of finance, punishingly high interest rates and an overwhelming debt burden.

Suppose all these economies

suspended convertibility and went back to fixed exchange rates tied to the dollar or a basket of currencies.

The IMF and industrial nations would be outraged. IMF assistance packages worth more than \$100 billion might be withdrawn. It would certainly be harder to invest in these Asian countries, since their central banks would control the access to foreign exchange.

But there would be compensations that outweigh the disadvantages, particularly in the short run.

By disentangling domestic policy from international policy, and cutting the tie between interest rates and exchange rates, the shift to a fixed currency regime would enable Asian countries to lower interest rates, expand short-term credit to exporters, and begin to revitalize industrial production and stimulate growth.

The burden of external debt would be lightened by a stronger exchange rate.

Perhaps most important, adopting fixed exchange rates would reduce the extreme volatility in currency values and financial markets that has been so damaging to business.

The level of these fixed exchange rates would have to be determined, and that would be challenging. It would require close cooperation among countries of the region, perhaps within the structure of, or sponsored by, the Asia-Pacific Economic Cooperation forum.

Some devaluation relative to pre-crisis levels of the affected East Asian currencies would be necessary, and it would be critical to avoid a situation in which individual countries were tempted to devalue anew.

It would be reasonable to expect a new set of exchange rates in which each country maintained its competitiveness with others in the region at the pre-crisis level.

The longer-run implications of a return to fixed rates would have to be studied carefully.

In 1972, when the world abandoned the fixed exchange rate architecture established at Bretton Woods after World War II, there were high hopes that a

flexible system would stimulate trade and bring a new era of prosperity. To a large extent, these hopes were realized. In the next 25 years, the volume of world trade expanded rapidly, and foreign investment helped many countries, both in Asia and other regions, to achieve unprecedented prosperity.

Flexible exchange rates have also brought greater fiscal discipline, as excess government spending tends to feed quickly through to the exchange rate.

But that same system, combined with globalization and the information technology revolution, has brought greater volatility and higher risks, as huge amounts of money are shifted to take advantage of perceived differences in risk and return.

This volatility, and the contagion effects which flowed from the Thai meltdown, suggest that freely floating exchange rates and open capital accounts need to be rethought.

At the very least, the Asian crisis should prompt a fundamental re-examination of the way international trade and payments are conducted. If the European Union's single currency is launched, as scheduled, in January, it could help establish a system of fixed exchange rates, and coordinated monetary and fiscal policies, for the rest of the world.

The writer, a former assistant chief economist at the Asian Development Bank in Manila, is an associate professor of economics at the University of Melbourne. He contributed this column to the International Herald Tribune.

No, Trade Is Not a Magic Wand

By Robert E. Lighthizer

WASHINGTON — A cynical view claims that trade with China will somehow encourage human rights and more responsible international behavior. This reasoning is certainly enticing, suggesting that the United States can make money while doing the right thing. Unfortunately, it is wishful thinking.

Take the claim that trade improves human rights. Apparently, this argument rests on the theory that trade leads to capitalism, which cannot flourish in a totalitarian society. But history shows that different countries choose different levels of capitalism, and that capitalism alone does not persuade countries to give up all of their oppressive practices.

For instance, South Africa long combined a market economy with apartheid. Economic sanctions surely played a role in dismantling this system, but far more important were the political forces around Nelson Mandela and the threat of greater insurgency from more radical factions of the African National Congress. Economic "engagement" by American companies played little or no part in the process.

The correlation between economic growth and political freedom, taken as a matter of theology by many, has little support in experience. The last quarter-century has seen enormous growth in East Asia, and this growth has frequently occurred under political systems that can hardly be described as full-fledged democracies.

At the same time, countries in Western Europe saw their economies burdened, and their growth rates lowered, by

social welfare programs and health and safety regulations that their voters demanded. Business rewards efficiency, and dictatorships can in certain circumstances be far more efficient than democracies.

Businesses often have a strong incentive to oppose political change. When a company enters a country, it naturally creates relationships with those in power, such as the close ties that foreign businesses maintained with the Suharto family in Indonesia.

Such relations often become worthless once the country undergoes the revolution that accompanies a greater respect for political freedom.

So it is foolish to think that more trade between the United States and China will resolve the political tensions between the two. Countries are not corporations; they do not always act with an eye toward the bottom line.

Even the United States, the most market-oriented great power in world history, has never had a foreign policy motivated solely by dollars and cents. Many factors have proved more important, including national pride, military threats, domestic politics and concern for human rights.

If profit does not reign supreme in American calculations, Americans can hardly expect it to do so in a country like China, which has shown that it is willing to suffer tough economic sanctions to preserve its power.

History also teaches that strong trading ties are no guarantee of peaceful relations. The American colonies had powerful economic links to Britain when they declared their independence. The North

and South traded extensively with each other before the American Civil War. The German and British economies were tightly intertwined at the beginning of both world wars.

Countless other examples could be given, but the point is the same: Trade alone cannot douse the flames of international rivalry.

In fact, prosperity often contributes to conflict. The enormous growth of Germany in the late 1920s encouraged it to seek a greater role in world affairs, thus contributing to the aggressiveness and nationalism that helped start World War I.

Japan's economic success in the early decades of this century fed a desire for conquest that led to Pearl Harbor. On the other hand, the leaders of the Soviet Union learned that economic difficulties can cripple an ambitious foreign policy.

Does all of this mean that one should try to thwart China's efforts to be seen as a more prominent player in the world economy? Not necessarily. The United States could derive many economic benefits from a positive relationship with China, and increased trade ties might well contribute to such a relationship.

But trade is no magic wand to resolve all tensions. U.S. politicians cannot expect trade to promote human rights in China or ensure that China does not harm the U.S. national interest. These problems must be solved by statesmen, not entrepreneurs, and no amount of profit (or wishful thinking) will ever make it otherwise.

The writer, a trade lawyer, was a deputy trade representative in the Reagan administration. He contributed this column to The New York Times.

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OPINION/LETTERS

Thanks to Footage From China, The President Is Stomping Starr

By Tom Shales

WASHINGTON—There is no question Bill Clinton is winning the image war during his historic visit to China. In virtually every case and at every stop in China, Mr. Clinton has handled himself with grace and aplomb, with his wife, Hillary, and daughter, Chelsea, always prominently nearby.

The image we have seen on television is a vigorous American president and happy family man.

As soon as the network newscasts have gotten the China trip out of the way—and sometimes they have seemed very anxious to do so—they have rushed into reports on the latest day's developments in the protracted Kenneth Starr investigation into Mr. Clinton's alleged sexual indiscretions.

Mr. Starr's shenanigans look tawdry enough by themselves, wasteful and largely pointless, as they drag on and on. But when they are preceded by reports of the president towering around China, they look especially petty, sordid and insignificant. Mr. Starr comes across as an obsessed miserably miscast who is persecuting the president mercilessly.

Typically, a "new piece of evidence" reported eagerly by the network news corps will be that someone else has remembered a conversation with Monica Lewinsky in which she confided having an affair, of sorts, with the president. But if Ms. Lewinsky turns

out to be a habitual liar, what does it matter how many people come forth to report what she told them?

Unfortunately, the pattern in network news today is to treat any allegation as newsworthy. It is put on the air and then someone from the president's legal team is trotted out to deny it. It has become more than tiresome. It has become maddening. I don't have a poll to back this up, but I think that instead of rushing to their TV sets to hear the latest nasty poop, viewers are avoiding newscasts because they are sick to death of Mr. Starr and his crusade.

Now has come the Clinton trip to China, a triumph so far, with the president in an environment where the name Starr appears to mean virtually nothing. This is refreshing to watch partly for that reason. It is a chance to see the president being the president without having to dodge a wild barrage of unsavory allegations.

As this column is being written, the trip has gone off without a significant hitch and has been very good television. We have had inside views of a country still largely off-limits, most of the time, to extensive Western TV coverage. We have seen the president looking fit as he debated human rights with the Chinese president, handily answering sometimes hostile questions from students at Beijing University, even participating in the Chinese version of a phone-in radio talk show. One woman caller made the president smile broadly

Now, under OUR SYSTEM, people are free to criticize the government, thereby ensuring that the best ideas are brought out, freely and completely, and challenged before all the people...



Under OUR SYSTEM, Ken Starr is in jail making running shoes.

when she prefaced her question by saying, "You seem to have a very nice figure." She wanted to know how he kept in shape.

The best coverage of the president's trip has been on C-Span, which has televised many of the events in their entirety, not just in snappy little snippets. CNN has also provided extensive views of the trip, if often following them with the inevitable repetitions of Starr's updates. Generally speaking, the three major U.S. networks have done a bad job. NBC's best Gerald Rivera, of all people, to report for the "Today" show.

On ABC, Sam Donaldson ended one report by saying the equivalent of this: The

trip has gone well so far, but who knows, tomorrow something may go wrong. As if we are not going to be interested unless there is a foul-up. CBS sent a troop of correspondents and crews but tries so hard to dig up China stories of its own that it has shortchanged the president's visit, presumably the big event.

Even those who do not admire Bill Clinton have to admit he has handled himself admirably. He has scored victories over the Chinese, the American press and, of course, the ever-salivating Kenneth Starr back home. Good for Bill. Good for us.

Washington Post Writers Group

Strolling Through Time On St. Petersburg Nights

By Philip Tanbman

ST. PETERSBURG—Like Jerusalem, St. Petersburg over the years has been contested ground for the followers of three faiths.

Today, capitalists are ascendant, while Communists remain in eclipse. Monarchs will soon bury the remains of

icons were unceremoniously removed and the building turned over to the Russian Museum. It now has an electrifying collection of avant-garde Russian art.

An exclamation point for the fluctuations of power can be found in the palace courtyard. When I last visited a decade ago, it was home to the armored car that Lenin climbed atop to address supporters when he arrived at the Finland Station in April 1917 after 10 years of exile in Europe. The same spot is

MEANWHILE

Russia's last czar, Nicholas II, alongside his fellow Romanovs in the island fortress where Peter the Great founded his luminous capital by the sea in 1703.

The shifting fortunes of these groups have shaped the history of this pastel-hued city throughout the century and continue to do so in ways that capture the paradoxes and ambiguities of Russian life today. The city is once again known as St. Petersburg, but the region is still called Leningrad Oblast. The old stock exchange on Vasilevsky Island, turned into a naval museum by the Communists, will soon reopen as a securities market.

Even the pattern of the tourist guides reflects the changing cultural terrain. The Communist history of the city is still visible in plaques commemorating the

The historical grievances seem not to interest most citizens.

now occupied by a large bronze statue of Czar Alexander III.

Across the Neva in the Peter and Paul Fortress preparations are advancing for the July 17 funeral ceremony for Nicholas II. Eight decades after Nicholas and his family were executed, his bones will be interred just yards from the tomb of Peter the Great.

The occasion, intended as an act of repentance by the Russian government, has instead stirred old animosities between church and state. Neither President Boris Yeltsin nor Patriarch Alexei II, the leader of the Russian Orthodox Church, plans to attend.

The historical grievances seem not to interest most citizens, whose lives revolve increasingly around capitalist pursuits and the stores' new stock of expensive consumer goods.

Young people seem especially liberated by the new freedoms. Thousands of them celebrated the end of the school year and the height of the white nights by partying in Palace Square one recent evening.

Others strolled down the Neva embankment, watching a radiant midnight sunset fade slowly into the few hours of twilight that pass for night this time of year. The changing colors of the clouds seemed a perfect match for the constantly changing city below.

The New York Times

A statue of Czar Alexander III has replaced Lenin's armored perch.

900-day siege of Leningrad in World War II, but the guides now all but ignore the Bolshevik Revolution, which started here. In Palace Square, the central plaza bordered by the Hermitage Museum and the General Staff building, not a word is mentioned about the storming of the Winter Palace, which now houses the museum.

The city's buildings speak bluntly of receding and emerging power. The Marble Palace, which Catherine the Great built in the late 18th century for Grigori Orlov, her lover, became the Lenin Museum in 1937. In 1992, the Communist

LETTERS TO THE EDITOR

Castro's Excuse

The U.S. policy regarding Cuba is wrongheaded. As long as the embargo is in place, Fidel Castro has a wonderful excuse for poor economic performance.

No Communist system has ever brought a reasonable quantity of goods and services to its people. Cuba is no exception. Cancel the embargo. Expose Mr. Castro as the incompetent leader he is, and let the people of Cuba decide the fate of communism.

DARCY G. RECTOR
Toronto

A Poet and a President

Regarding the report "In Bulgaria, Students Borne Up on Pax America" (May 22):

Friends of William Meredith were distressed by the description of him as a "minor poet." As William Matthews said of Mr. Meredith's Pulitzer Prize-winning book "Partial Accounts," "if poetry were landscape, this

book would be a national park." Mr. Meredith has won most of America's important awards for poetry. Last year he received the National Book Award for "Effort at Speech."

He is chancellor emeritus of the National Academy of Poetry and has been a member of the American Academy of Arts since 1967. He also has a long and distinguished teaching career.

In 1983 Mr. Meredith suffered a stroke that left him paralyzed for several years. His courage in overcoming that handicap has been remarkable, and after graduation at the American University in Bulgaria many students came up to him to thank him warmly for the effort taken to come to Bulgaria and for his remarks at the ceremony.

As for the university president, Julia Watkins, she is an extraordinary leader and largely to be credited with the success of the American University in Bulgaria. There was hardly a dry eye in the house when she asked students to

turn to their parents and greet them in recognition of the love and sacrifice it took to achieve their college degrees.

RICHARD HARTIS,
Blagoevgrad, Bulgaria.

The writer is Fulbright poet in residence at the American University in Bulgaria.

French Workaholics

Regarding "French Workaholics Beware, the Law Is Moving In" (June 12):

Government agents making unannounced inspections of private offices? Monitoring personal computers to determine whether they have been used for business? Encouraging disgruntled executives to inform on their companies? Employees driven to clandestine working trysts in hotel rooms?

These Gallic intrusions are creating a new oppressed minority: skilled professionals who are too ambitious and industrious for a 35-hour workweek. They are vic-

tims of persecution. The United States should offer them asylum. HOMER and GINNY BOUSHEY,
San Francisco.

World Cup Penalties

Regarding "Whistles Heard Around the World" (June 25):

The clear implication of the article was that the Norwegian team won an undeserved victory against Brazil in the World Cup because of a mistaken call by the American referee Esfandiar Bahrami. The report's sources were grumpy losers and a FIFA official who was clearly overstepping his authority.

Pictures of the incident show beyond all doubt that the Brazilian defender Junior Baiano was pulling the shirt of the Norwegian striker Tore Andre Flo, tearing him down inside the penalty area when he was in a position to score. That is indisputably an offense qualifying for a penalty shot.

As for the referee, he did a well

above average job and deserves respect rather than the scorn poured upon him.

PER F. I. PHARO,
Oslo.

The governing body of world soccer shows a yellow flag at the start of each game with the words "Fair Play." Yet the decisions by referees in the Brazil-Norway and Cameroon-Chile matches did great injustice to the players, fans and, above all, to the sport itself. FIFA should do the courageous thing and admit that the referees' decisions may have been flawed.

MASSOUD DERHALLY,
Paris.

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BOOKS

SYMPTOMS OF CULTURE

By Marjorie Garber. Illustrated. 273 pages. \$25. Routledge.

Reviewed by Sarah Boxer

IN the first few pages of "Symptoms of Culture," Marjorie Garber helpfully defines the words symptom and culture. Both definitions are Freudian. Symptoms, she writes, are repressed "ways of speaking," and culture is "something that can be read" as if it were structured like a dream.

Garber's dreamy idea of culture determines her style of analysis in this book of essays. If culture is dreamlike, then it is necessarily full of fragmentary and repetitive elements, double entendres, malentendus and puns.

Analyzing culture, like analyzing a dream, is a game of free association. The crucial difference is that there is no awaking from culture. Once you slip into it, you can't get out, not even for a moment of interpretation.

Garber, the William R. Kenan Jr. Professor of English at Harvard University and the director of the Center for Literary and Cultural Studies there, uses her own wacky brand of erudite free-association to analyze everything from Roman numerals and faked orgasms to football and Jell-O.

In an essay about greatness, she connects the Great Wall of China to the idea that greatness used to be a synonym for fat or well-born, to the fat, ill-born Ralph Kramden's sign-off to his wife Alice, "Baby, you're the greatest!" to "I am Oz, the Great and Terrible," to the idea in "The Wizard of Oz" that greatness is what happens away from home, to the idea that in baseball greatness is the home run or homer, to the greatness of Homer, the author of the first of the Great Books (which was about going home), to the fact that Homer Zuckerman was the man who bought Wilbur the great pig in "Char-

lotte's Web," to the idea that Wilbur's greatness was not inherent but an effect created by Charlotte the spider who spun the words "Some pig" into her web.

Where does this breathless exercise in free association lead? "Greatness is an effect of decontextualization," Garber writes. In other words, those who believe in inherent greatness have forgotten that behind every great pig is a spider who has done some serious spin control.

There are no inherently great pigs or great ideas or great people. Context is everything. To live in a culture is to be embedded in a web of cultural associations. And those who ignore this are doomed to misunderstand whatever bits of culture they use or praise. Take, for example, Garber's special bete noire, the "disembodied, free-floating quotation" from Shakespeare.

During Clarence Thomas's Supreme Court confirmation hearings, she writes, Senator Alan Simpson tried to defend Thomas's name by reading a speech from Shakespeare's "Othello": "But he that filches from me my good name/ Robs me of that which not enriches him/ And makes me poor indeed."

The trouble was, Simpson missed the irony dripping from the words. They belonged to Iago, the great manipulator, and the speech that Simpson quoted with such earnest feeling was intended, Garber writes, as "an example of the most blatant hypocrisy."

Garber, the author of "Vested Interests: Cross-Dressing and Cultural Anxiety," "Shakespeare's Ghost Writers," and "Coming of Age in Shakespeare," is not defending contextualism. She is defending contextualism.

Whether she is looking at Shakespeare's speeches or Jewish identity or women's orgasms, she finds that they are often misread because their meaning is disguised in a complicated network of associations.

BRIDGE

By Alan Truscott

ONE of the country's strongest teams seemed headed for defeat at the International Team Trials in Tunica, Mississippi. After 75 deals of a scheduled 90, Steve Robinson of Arlington, Virginia; Peter Boyd of Silver Spring, Maryland; Ed Manfield of Hyattsville, Maryland; and Kit Woolsey of Kensington, California, trailed by 47 imps. Their opponents were Brian Gunnell of Jacksonville, Florida; Kyle of Las Vegas; Billy Miller of Huntsville, Alabama.

The five winners will be joined in the quarterfinal by exempt squads whose cap-

tains are Richard Schwartz of Elmhurst, Queens; Jim Cayne of Manhattan; and Bart Bramley of Chicago. The winners will be one of two United States teams in the next Bermuda Bowl World Team Championship, scheduled in Bermuda in January 2000.

The diagrammed deal contributed to the Robinson team's troubles. At one table Manfield opened the West hand with one spade and Cheek overcalled two diamonds. Miller as South

boldly bid two no-trump, with a vesingal spade stopper, and it was raised to game. As it was raised to game, the spades were well-stopped but it was not easy to make nine tricks.

Manfield led a spade and the queen won in dummy.

Miller cashed the ace-jack of clubs and led a small diamond, creating a nasty problem for Woolsey, East. If he had put up the queen he would have defeated the game, but he could not be sure where the ace was. It seemed more likely that South held it. He played low, and when the 10 forced the ace, the declarer was in control. He had eight tricks, and could not be prevented from scoring a ninth in one of the major suits. West returned a diamond, and South took the king and led the spade king, setting the issue.

In the replay the opening bid was two spades and North overcalled three diamonds. South thought long and hard about whether to take action but finally passed. North

South scored 130, and the Gunnell team gained 10. They would have lost six if three no-trump had been defeated.

NORTH
♠ K Q
♥ J 9 2
♦ K J 8 7 5 3
♣ A J


WEST
♠ A 10 9 7 5 3
♥ Q J 10 3
♦ A 8
♣ 8 2

EAST
♠ 8 4
♥ K 8 7 6
♦ Q 4 2
♣ 10 9 4 3

SOUTH (D)
♠ J 6 2
♥ A 5 4
♦ 10 6
♣ K Q 7 6 5

North and South were vulnerable. The bidding:
South: 1♠ West: 2♦ North: 2♠ East: 3♦
South: 3NT West: 3NT North: 4NT East: 5NT
South: 6NT West: 6NT North: 6NT East: 6NT

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Wednesday's 4 P.M. Close
The 2,600 most traded stocks of the day.
Nationwide prices not reflecting late trades elsewhere.
The Associated Press.

Continued on Page 16

هذه امان الامل

WALL STREET WATCH

Not So Pleasing to Investors

Largest one-day stock price declines after a proposed acquisition. Only deals of more than \$500 million are included.

| Acquirer | Acquisition | Acquirer's closing stock price* | Change from day earlier* |
|------------------|--------------------|---------------------------------|--------------------------|
| Northern Telecom | Bay Networks | \$54.00 | -15.2% |
| Roslyn Bancorp | TR Financial | 23.563 | -14.7 |
| Alcatel Alsthom | DSC Communications | 39.125 | -9.9 |

Investors Turn Skeptical Of High-Profile Mergers

By Reed Abelson
New York Times Service

NEW YORK — Investors may be growing weary of the merger frenzy. Chief executives continue to do a dizzying number of deals and to justify the acquisitions with talk about synergy and the chance to be really big or really global. But their shareholders are reacting with increasing skepticism.

When AT&T Corp. announced last week that it would buy Tele-Communications Inc., its chairman said that the company would be "better positioned for growth" and that the purchase would make AT&T an "undisputed leader" in some businesses. Investors, though, were not buying it.

Worried about the effect on AT&T's bottom line and concerned about the complexity of the deal, they sent the stock down 8 percent on the day the deal was announced. The stock has continued its slump and closed Wednesday at \$56.75, down 37.50 cents. It is down 13 percent since the announcement of the acquisition.

AT&T is not the only company to receive a thumbs down after announcing a merger or acquisition. On June 19, stocks of 59 percent of the companies that announced they would buy other public companies fell the day of the announcement, compared with 49 percent in the first half of 1997, according to CommScan LLC, a New York information services company that caters to professional investors.

The negativity runs deeper as well: 16 percent of the deals announced this year were met with a decline in share price of more than 5 percent, compared with just 11 percent of the deals a year earlier.

While the largest deals tend to receive a negative reaction, the increase is consistent during this stage of a merger cycle, according to Mark Sirower, a business professor at New York University whose recent book, "The Synergy Trap," analyzes why deals fail.

Investors often punish companies that they fear are overpaying or doing deals simply because their competitors

are, Mr. Sirower said. "When the stock price goes down, the market is saying you're transferring value from your own shareholders to somebody else's shareholders," he said.

Good news for them, bad news for you. Of course, other factors can cause the acquiring company's shares to fall, including a deal so complex that it is difficult to evaluate. In some cases, a company may have made so many acquisitions that investors find it will have trouble digesting another company and getting a quick payoff.

Mr. Sirower says investors tend to get it right. After studying the stock performance of acquiring companies for one year after a deal was announced, he found that companies whose stocks were down a week after the news of a deal tended to underperform.

The high valuations in the overall stock market may be making investors anxious, said Henry Taiho, an associate at CommScan. After all, how much more can a company be worth after an already high market price?

Consider Roslyn Bancorp Inc.'s proposed \$1 billion acquisition of TR Financial Corp., which owns Roosevelt Savings Bank on Long Island, New York. When Roslyn made its offer at the end of May, TR Financial was already selling close to its 52-week high, and Roslyn was offering a 58 percent premium. The deal valued TR Financial at 29 times estimated 1998 earnings, while other savings and loans are trading at an average multiple of 17. Roslyn's stock dropped about 15 percent on the news.

Investors tend to be cranky whenever an acquiring company offers a premium of more than 15 percent, according to CommScan's analysis of deals announced so far this year. The stocks of companies paying that much or more fell about 70 percent of the time.

And all-stock deals met the most resistance. Analyzing transactions valued at more than \$1 billion, CommScan found that only a third of the all-stock deals led to an immediate increase in the acquiring company's stock.

Currency Speculators Target South Africa

Despite Aid, and Solid Economy, Rand Falls

By Donald G. McNeil Jr.
New York Times Service

JOHANNESBURG — Speculators have given the South African rand a nasty shock in the last few days, forcing the nation's central bank to enlist help from the United States and Britain and to raise interest rates sharply to stem the currency's fall.

Still, the rand tumbled to new lows against the dollar and the pound Wednesday. Overnight reports that the governor of South Africa's central bank, Chris Stals, would be fired were flatly denied, but not before the rumor undermined the currency, sending it to 6.00 rand against the dollar in New York from 5.87 on Tuesday.

Until the sell-off began, the rand had been drifting slowly down against the dollar, slipping about 12 percent since the beginning of the year. Then, starting last week, it plunged 13 percent after speculators who had been exploiting the turmoil in Asia turned their sights on South Africa.

At the government's request, the U.S. Federal Reserve Board and the Bank of England both intervened on Friday and Monday.

The lift for the rand was short-lived, however, after it became clear that the two central banks were using the South African Reserve Bank's dollars to buy the South African currency.

Facing its worst currency crisis in years, the South African Reserve Bank increased its overnight lending rate to commercial banks on Tuesday to more than 20 percent, from 18.311 percent, prompting most banks to raise their prime rates by 2 percentage points, to 22.25 percent.

While the tighter credit risked slowing South Africa's economic growth, which has already been hurt by falling commodity prices, it bolstered the rand by making rand-denominated assets more attractive to international investors.

Until last week, the rand had actually been maintaining its strength better than

the currencies of Asia, Brazil, Australia and New Zealand, with which it is often compared because of similarities in the countries' economies.

"But some speculator must have noticed that on his computer and decided that it was our turn," said Sampe Terblanche, a professor of political economy at Stellenbosch University. "So the Asian bug hit us — a little belatedly."

Economists universally expressed surprise at the fierceness of the attack because the South African economy's fundamentals are relatively strong, whether compared with Asian economies or with the situation here before the 1994 elections.

South African banks are very conservative, carry few bad loans and are not in thrall to ruling families like the Suhartos in Indonesia.

Foreign debt is low. State assets are being privatized, albeit slowly. Until the rand began, inflation was down significantly, to 5 percent; the reserve bank had reserves equal to three months' imports, and the prime rate was high but stable at about 18 percent.

Foreign bankers generally applaud the government's economic policies, which focus on beating inflation and lowering the budget deficit.

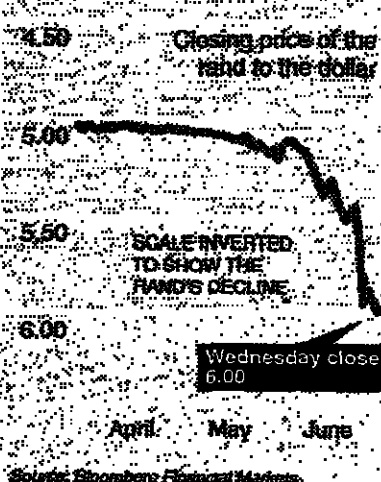
By contrast, before 1994, the African National Congress was strongly socialist and talked about nationalizing the mines and cutting unemployment with massive public spending; the budget deficit was at 5 percent of gross domestic product and foreign exchange was heavily restricted.

It is not clear what started this run on the rand. Mr. Stals, the governor of the reserve bank, has blamed selling by an unidentified American hedge fund.

But in any case, the background was in place. To deter speculators, the reserve bank had steadily raised the overnight lending rate to nearly 24 percent. When it felt confident enough to lower it to 17 percent to let commercial lending rates relax a little, speculators leaped in.

Under Attack

The South African rand had slipped most of the morning following world currency markets until speculators began driving the price down in recent days.



In a sense, the monetary crisis reflects the growing maturity of the South African economy. The last abrupt currency plunge, in 1996, was brought on by a false rumor that President Nelson Mandela had had a heart attack. Administration officials then cried racism, because the implication was that a black government could not keep the country together without Mr. Mandela at the helm.

Now the markets seem content with the prospect that Thabo Mbeki will become president next year and confident that the African National Congress will continue to pursue conservative financial policies.

Indeed, economists say, the rand's latest slide results less from political upheaval than from South Africa's exposure to the fallout from Asia and its vulnerability, as a developing economy, to currency speculators.

Nonetheless, investors have become increasingly nervous about the possibility that labor unions will put pressure on the government to temper its economic austerity measures as the 1999 elections approach.

Because of apartheid-era sanctions,

U.S. Output Of Factories Shows Drop

The Associated Press

NEW YORK — Manufacturing activity in the United States slowed in June for the first time in nearly two years, hurt by Asia's economic crisis.

At the same time, a key measure of future economic activity held steady in May but suggested a slowdown later in the year, according to separate reports released Wednesday.

The National Association of Purchasing Management said its monthly index of business activity, compiled from interviews with corporate purchasing executives nationwide, fell to 49.6 in June from 51.4 in May.

A reading below 50 is a sign of a contraction in the industrial economy. The decline surprised economists, who expected manufacturing activity to continue growing but at a slower pace.

It was the first drop in manufacturing activity after 22 straight months of growth.

Despite the slide in manufacturing, June marked the 86th consecutive month of overall economic growth, the purchasing managers' organization said.

Asia's economic turmoil hurt U.S. exports in June.

The manufacturing sector also was hurt by two strikes against General Motors, which have idled the No. 1 automaker's North American production, said Scott Brown, chief economist at Raymond James & Associates in St. Petersburg, Florida.

The Conference Board, a private business research group, reported that its index of Leading Economic Indicators for May stood at 105.2, unchanged from a revised figure for April.

Combined with the performance of two other indicators, the leading index shows a healthy economy, the Conference Board said.

While the leading index's performance was in line with economists'

See RAND, Page 17

See ECONOMY, Page 14

Trans-Atlantic Clash Over Consumer Privacy on Net

By John Markoff
New York Times Service

Differences between European nations and the United States over how to protect consumer privacy have led to a clash over technologies endorsed by the two leading makers of browsing software for navigating the World Wide Web — Microsoft Corp. and Netscape Communications Corp.

The differences between Europe governments, which favor enacting laws to protect consumer privacy on-line, and the Clinton administration, which prefers to let electronic commerce industries regulate themselves, could delay the much-anticipated evolution of the Internet into a huge international marketplace of goods and services.

At issue are two proposed standards: the Privacy Preferences Project, or P3P,

and the Open Profiling Standard, or OPS. Both are technologies intended to make it possible for individual computer users to determine how much personal information they are willing to make available to various Web sites.

Both proposals are being considered for possible international implementation by an Internet standards group, the World Wide Web Consortium.

But last month, a committee of the European Union issued a tough report attacking both proposed standards as inadequate and possibly in violation of European laws designed to protect consumer privacy.

The report states that P3P and OPS, which will be built into browsers made by both Microsoft and Netscape, clash with the European Privacy Directive, which restricts the ability of businesses to collect private information about individuals without their permission.

When it goes into effect in October, the directive is expected to toughen national laws of 15 European governments whose privacy standards are already more stringent than those of the United States.

The European laws require that corporations get people's permission before collecting demographic or marketing information about them. "This is significant, because the Europeans are saying this mechanism might not work," said Joel Reidenberg, a law professor at Fordham University in New

York City. The European Union's committee, the Working Party on the Protection of Individuals' Personal Data, issued its opinion on June 16. In addition to criticizing the technology itself, the report stated that "a technical platform for privacy protection will not in itself be sufficient to protect privacy on the Web."

The committee's report said that such a technology for privacy protection would need to be applied within a framework of laws if it were to protect privacy.

The committee also said there was a risk that the P3P standard would mislead European companies into believing that they had met their legal obligations by offering the software.

There is added risk that European computer users would come into contact via the Internet with Web sites that do not meet European data protection standards, the report says. It warns that the current P3P does not require, or even allow for, giving information about sanctions or remedies to users, a violation of European laws.

Finally, the report says Internet users are unlikely to alter default settings that are preconfigured with each browser. The committee warns the software will be of minimal privacy protection value if the browsers are not set by default to the highest privacy protection possible.

"This is a shot across the bow," said Evan Hendricks, publisher of Privacy

Times, a privacy policy newsletter, which reported the European Union criticism of the P3P standard earlier this week. "If the Europeans enforce their own standards, then the U.S. is now headed on a collision course over the directive."

Until recently, the Clinton administration has pressured U.S. industries to arrive at strong self-regulatory standards that would avoid the necessity of enacting new laws to protect personal information in the information age.

However, in recent weeks that position has appeared to weaken as critics — including the U.S. Commerce Department — continued to point out areas in which self-regulation is failing as corporations rush to take advantage of the Internet as a new medium for marketing and commerce.

"This could be a flash point," said Marc Rotenberg, director of the Electronic Privacy Information Center, a privacy organization in Washington D.C. Europeans have tended to encourage systems that permit anonymity, he said, while U.S. companies have been building systems that encourage users to provide personal information.

Officials of the World Wide Web Consortium said they had been in discussions with members of the European Commission and that they believed the technology could be modified to meet the European privacy concerns.

Credit Suisse Unit Bolsters Tech Team

Compiled by Our Staff From Deutsche

NEW YORK — Credit Suisse First Boston said Wednesday that it had hired three of Deutsche Bank Securities' top-performing U.S. investment bankers as its senior advisers to computer-related companies.

The bankers, Frank Quattrone, George Bouros and Bill Brady, will be responsible for underwriting, mergers and research involving technology companies, Credit Suisse First Boston said.

The three bankers' clients include the Internet bookseller Amazon.com Inc., the software company Inuit Inc. and Northern Telecom Ltd. of Canada.

The defections are the latest jolt to the securities unit of Deutsche Bank AG.

the biggest German bank, which lost senior investment bankers this year as it reorganized after reporting disappointing profits. Credit Suisse First Boston, a unit of the Credit Suisse Group of Switzerland, has been trying for years to catch up with rivals in advising fast-growing companies in the computer industry.

Charles Stonehill, deputy head of corporate and investment banking at Credit Suisse First Boston, said Mr. Quattrone's group would give the firm access to "some of the most exciting and successful technology companies in the world."

Before joining Deutsche Bank's securities business and starting its West Coast-based technology group in 1996,

Mr. Quattrone had worked at Morgan Stanley & Co. for more than 17 years, and is credited with helping build up that firm's technology group.

The trio will remain in Menlo Park, California, and will develop an international practice with technology bankers and research analysts around the globe, Credit Suisse First Boston said.

Deutsche Bank had lured Mr. Quattrone and his team from Morgan Stanley with pay packages worth millions of dollars. But a number of top executives have now left the German company, including Carter McClelland, who had been chief of Deutsche Bank North America and who had recruited Mr. Quattrone. (Bloomberg, Reuters)

CURRENCY & INTEREST RATES

| Cross Rates | | | | | | | | | |
|---------------------|-------|-------|-------|--------|-------|--------|-------|-------|-------|
| | USD | DM | FF | Yen | GBP | HKD | SGD | THB | Other |
| American | 1.000 | 1.636 | 1.936 | 106.48 | 0.706 | 7.766 | 1.376 | 3.656 | 1.236 |
| British | 0.706 | 1.636 | 2.756 | 150.48 | 1.000 | 10.766 | 1.876 | 5.056 | 1.736 |
| French | 0.516 | 0.606 | 1.000 | 6.556 | 0.486 | 5.056 | 0.876 | 2.366 | 0.806 |
| German | 0.616 | 1.000 | 1.636 | 6.556 | 0.586 | 6.056 | 1.076 | 2.966 | 0.936 |
| Italian | 0.193 | 0.022 | 0.035 | 2.006 | 0.136 | 1.406 | 0.246 | 0.666 | 0.226 |
| Japanese | 0.009 | 0.011 | 0.017 | 1.000 | 0.008 | 0.086 | 0.015 | 0.041 | 0.014 |
| Swiss | 0.706 | 1.636 | 1.936 | 106.48 | 0.706 | 7.766 | 1.376 | 3.656 | 1.236 |
| Thai | 0.276 | 0.316 | 0.396 | 3.656 | 0.246 | 2.556 | 0.446 | 1.000 | 0.346 |
| Other | 0.193 | 0.022 | 0.035 | 2.006 | 0.136 | 1.406 | 0.246 | 0.666 | 0.226 |
| Key Money Rates | | | | | | | | | |
| | USD | DM | FF | Yen | GBP | HKD | SGD | THB | Other |
| 1-month | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 |
| 3-month | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 |
| 6-month | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 |
| 1-year | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 |
| Other Dollar Values | | | | | | | | | |
| | USD | DM | FF | Yen | GBP | HKD | SGD | THB | Other |
| Company | 1.000 | 1.636 | 1.936 | 106.48 | 0.706 | 7.766 | 1.376 | 3.656 | 1.236 |
| Bank | 1.000 | 1.636 | 1.936 | 106.48 | 0.706 | 7.766 | 1.376 | 3.656 | 1.236 |
| Forward | 1.000 | 1.636 | 1.936 | 106.48 | 0.706 | 7.766 | 1.376 | 3.656 | 1.236 |
| Other | 1.000 | 1.636 | 1.936 | 106.48 | 0.706 | 7.766 | 1.376 | 3.656 | 1.236 |
| Forward Rates | | | | | | | | | |
| | USD | DM | FF | Yen | GBP | HKD | SGD | THB | Other |
| 1-month | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 |
| 3-month | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 |
| 6-month | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 |
| 1-year | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 |

EU Objects To U.S. Tax Incentives

Bloomberg News

BRUSSELS — The European Commission has filed a World Trade Organization complaint over what it called an unfair system of tax breaks that provides \$2 billion a year in subsidies to U.S. exports.

The commission is the executive agency of the European Union.

The tax breaks are "a clear subsidy from the U.S. taxpayer to industry," Sir Leon Brittan, the European Commissioner, said.

Foreign sales corporations are generally subsidiaries of American companies located in tax havens such as the Virgin Islands and Barbados. U.S. companies exporting through these units now qualify for income-tax relief as long as a large part of their product is made in the United States, the commission said.

"We are not folding up our tent," said Veda Wilson, a spokeswoman at the U.S. diplomatic mission in Brussels. "This has been in effect for more than a decade and we are wondering why the EU decided now to complain about it."

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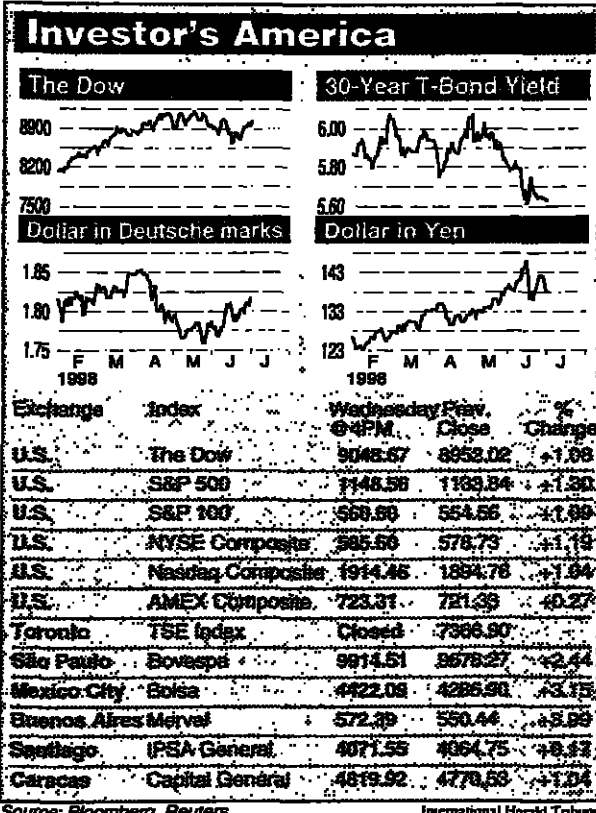
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THE AMERICAS



Very briefly:

- Chrysler Corp.'s U.S. sales of cars and trucks rose 10 percent in June, helped by price discounts and strong truck demand. Chrysler's gain was followed by early word from General Motors Corp. that its sales rose 24 percent in June, as GM dealers had enough inventory to meet demand even though two strikes have all but shut off its North American production.
- Pinault-Printemps-Redoute SA, a French department-store chain, raised its stake in the American catalog retailer Brylcreme Inc. to 45.68 percent from 44.55 percent.
- US Airways, has reached a pact with union negotiators on salaries for pilots of Boeing 767 and Airbus A330 aircraft. The accord should enable the carrier to place an order in the next few days for 30 wide-bodied aircraft.
- Mercedes-Benz, the luxury carmaker unit of Daimler-Benz AG plans to spend \$40 million expanding its M-Class sports utility vehicle plant in Tuscaloosa, Alabama.
- AT&T Corp., the largest American long-distance phone company, expects to spend about \$5.7 billion to be able offer local phone services over Telo-Communications Inc.'s cable-television network. AT&T agreed to buy TCI for \$44.29 billion in stock and debt.
- Brazil's unemployment rate rose in May, to a 14-year high, as high interest rates led to a slowdown in demand for workers in the construction industry. The jobless rate rose to 8.2 percent from 7.9 percent in April.
- Checkpoint Systems Inc., a maker of anti-theft devices, will lay off 230 employees, or 7 percent of its work force, in response to declining earnings.
- Investors increased their purchases of stock mutual funds in the latest week, helping fuel a rise in the domestic equity market, a report said. About \$6.86 billion was added to U.S. stock funds in the week ended Monday, up from \$4.01 billion in the prior week, Trim Tabs Financial Services Inc. said.
- Houston Industries Inc.'s subsidiary bought interests in three electricity distribution systems in El Salvador for about \$150 million.

Bloomberg, AFP

Optimism on Japan's Actions Gives Lift to Wall Street

NEW YORK — Stocks rose Wednesday as hope emerged on Wall Street that Japan might get its fiscal house in order, helping ease the Asian crisis and setting the stage for strong corporate profits in the second half of 1998.

The Dow Jones industrial average closed 96.65 points higher, at 9,048.57. The Nasdaq composite index, a barometer of technology issues, rose 1.18 points, to 295.50.

Bond prices were little changed, with yields near all-time lows, after a report on manufacturing suggested the economy was slowing, supporting the Federal Reserve decision to leave interest rates unchanged.

The benchmark 30-year Treasury bond was unchanged at 107 1/2. The yield was at 5.63 percent.

"Anytime you have uncertainty around the globe, our markets feed off that, so positive

news helps," said Bill O'Hearn, a money manager at McKinley Capital Management in Anchorage, Alaska. "All this will help them and help us."

Wall Street has long been counting on Japan, the world's second-largest economy,

U.S. STOCKS

to be the economic engine that pulls other ailing Asian countries out of recession.

Merrill Lynch, which hired 2,000 former employees of the defunct brokerage Yamaichi Securities this year, jumped 3 1/16 to 96 1/16. Travelers, which agreed last month to buy a 25 percent stake in Nikko Securities, gained 2 1/16 to 63 1/16.

The Dow's gains were led by Du Pont, which rose 2 5/16 to 77, and by a rebound in Walt Disney, which rose 1 1/16 to 106 3/4.

Internet stocks rose on takeover speculation. DoubleClick jumped 14 5/16 to 64, Yahoo gained 1 3/4 to 169 1/4 and EarthLink Network rose 10 1/4 to 87.

On the downside, Merck & Co. slipped 9/16 to 133 3/16 after a Wall Street firm made bearish comments despite regulatory approval of Merck's drug to treat migraine headaches.

Advanced Fibre Communications said second-quarter profit would fall short of expectations and its stock dropped 20 1/16 to 19 1/4.

Nike rose 2 5/16 to 34 after reporting a narrower-than-expected loss for the latest quarter. It blamed weakness in Asia for the loss. Nike reported a fourth-quarter loss of \$67.7 million Tuesday as the Asian economic crisis continued to exact its toll on the world's biggest shoe manufacturer.

The loss, which was equivalent to 23 cents per diluted share, included a \$129.9 million

restructuring charge the company announced in March to pay the costs associated with its layoff of 1,600 workers.

In the same period last year, Nike earned \$155.8 million, or 52 cents a share. Revenues for the fourth quarter fell to \$2.31 billion from \$2.37 billion.

The company continues to be hard hit by the economic slowdown in Asia. Quarterly revenues from Asia declined 37 percent to \$243.6 million.

NetScape Communications soared 8 1/2 to 35 1/16 after an executive said the Internet software maker was talking to big media companies about ways to make its new Web site more competitive. NetScape's vice president, Mike Homer, said it was in talks with major media companies to position its new Web site to better compete with popular Internet services. (Reuters, AP, Bloomberg)

Star Banc Corp. to Purchase Firststar

MILWAUKEE, Wisconsin — Star Banc Corp. said Wednesday it was buying Firststar Corp. for \$7.2 billion in stock, in a deal that will create a banking company with \$38 billion in assets and outlets in 10 states, mostly in the Midwest.

The Cincinnati-based Star Banc is taking Firststar's name as well as its headquarters in Milwaukee as part of the deal. The consumer banking and specialized lending operations would be based in Cincinnati, the company said.

The combined company would have 720 branch locations in eight Midwest states and Arizona, as well as trust operations in Florida.

The agreement calls for Firststar shareholders to receive 0.76 shares

of common stock of the combined company for each share of Firststar common stock, while Star Banc shareholders will retain one share of common stock in the combined company for each Star Banc share.

Based on Star Banc's closing stock price on Tuesday, this represents a price of \$48.55 for each Firststar share, or a premium of 27 percent.

Star Banc closed Wednesday at \$63.625, down 25 cents, while Firststar surged \$8.5625 to \$46.75.

Roger Fitzsimmons, chairman and chief executive of Firststar, is to become chairman of the new company, and Jerry Grundhofer, chairman, president and chief executive of Star Banc, is to become president and chief executive.

The two companies do not overlap geographically, and expect no branch closings because of the combination.

But the announcement said that some job reductions were expected, primarily in administrative positions.

"The deal makes sense," said James Schmidt, a money manager at Hancock Advisors Inc. "You have a higher performing bank acquiring an underperforming bank."

After the deal is completed, the combined banks would see a 15 percent growth in earnings per share and a 20 percent growth in return on equity, Mr. Fitzsimmons said.

Banks have been buying each other to increase profits and expand into new markets. (AP, Bloomberg)

Fears on Russia Debt Weigh on the Mark

NEW YORK — The dollar rose to a two-and-a-half-month high against the Deutsche mark on Wednesday on speculation that Russia's debt problems and tumbling stock market may steer investors away from Germany, the country's largest lender and trading partner.

Traders sold marks on fears that Russian legislators might not

FOREIGN EXCHANGE

pass laws needed to qualify for up to \$15 billion in aid from the International Monetary Fund. A worsening of Russia's economic troubles could impede Germany's recovery from a seven-year slump.

Germany has extremely heavy exposure to Russia in terms of trade, bank lending and investor sentiment, said Richard Segal, director of emerging markets research at Sanitader Investment Securities Inc. "If Russia were to default the ruble a lot of people would get out of marks," he said.

The dollar was quoted at 4 P.M. at 1.8180 DM, Deutsche marks, up from 1.8084 DM on Wednesday. It was at 137.85 yen, down from 138.93 yen. The dollar was also at 1.5277 Swiss francs, up from 1.5203 francs, and at 6.0950 French francs, up from 6.0625 francs.

The pound was at \$1.6605,

down from \$1.6677.

"Because of the high exposure to Russia, the mark has to suffer when there's bad news," said Jonathan Coughtry, a currency strategist at MMS International in London.

Signs that the Japanese government was moving to shore up its financial system gave the yen a boost.

The dollar was also hurt by fears of another round of central bank intervention after the Japanese government's expected announcement Thursday of its plans for a "bridge bank" to help deal with banks' bad loans.

The yen rose also after a senior member of Japan's ruling Liberal Democratic Party's tax panel said Prime Minister Ryutaro Hashimoto would outline a tax-cut plan when he visits the United States later this month. The official asked not to be named.

"A tax cut, if it's permanent, and a restructuring of the bank system would strengthen the yen and keep the dollar below 140," said Michael Kramer, a currency salesman at Asahi Bank.

But Hugh Walsh, a foreign exchange dealer at Commerzbank in New York City, said, "I think that the expectations are very, very high for a 'perfect' bridge bank solution and permanent tax cuts in Japan, leaving the market open for disappointment." (Bloomberg, Bridge News)

The Trib Index

Jan. 1, 1982 = 100

| Level | Change | % change | year to date % change | |
|---------------------------|---------------|--------------|-----------------------|---------------|
| World Index | 198.88 | +2.52 | +1.28 | +15.55 |
| Regional Indexes | | | | |
| Asia/Pacific | 67.50 | +2.65 | +3.12 | -8.92 |
| Europe | 237.28 | +2.68 | +1.14 | +22.92 |
| N. America | 258.16 | +2.05 | +0.80 | +19.52 |
| S. America | 129.20 | +3.60 | +2.87 | -15.37 |
| Industrial Indexes | | | | |
| Capital goods | 258.42 | +2.33 | +0.92 | +24.13 |
| Consumer goods | 238.90 | +1.85 | +0.79 | +12.95 |
| Energy | 212.53 | +3.24 | +1.55 | +9.01 |
| Finance | 144.61 | +3.10 | +2.19 | +17.61 |
| Miscellaneous | 156.69 | +0.86 | +0.55 | +4.54 |
| Raw Materials | 208.44 | +3.36 | +1.84 | +24.64 |
| Services | 203.88 | +1.81 | +0.90 | +16.96 |
| Utilities | 170.60 | +3.42 | +2.05 | +2.24 |

The International Herald Tribune World Stock Index tracks the U.S. dollar value of 250 internationally investable stocks from 25 countries.

Compiled by Bloomberg News.

AMEX

Wednesday's 4 P.M. Close
 The 200 most traded stocks of the day, up to the closing on Wall Street. The Associated Press.

| Stock | Sales | High | Low | Label | Clp |
|-------|-------|------|-----|-------|-----|
| AA | 100 | 100 | 100 | 100 | 100 |
| AB | 100 | 100 | 100 | 100 | 100 |
| AC | 100 | 100 | 100 | 100 | 100 |
| AD | 100 | 100 | 100 | 100 | 100 |
| AE | 100 | 100 | 100 | 100 | 100 |
| AF | 100 | 100 | 100 | 100 | 100 |
| AG | 100 | 100 | 100 | 100 | 100 |
| AH | 100 | 100 | 100 | 100 | 100 |
| AI | 100 | 100 | 100 | 100 | 100 |
| AJ | 100 | 100 | 100 | 100 | 100 |
| AK | 100 | 100 | 100 | 100 | 100 |
| AL | 100 | 100 | 100 | 100 | 100 |
| AM | 100 | 100 | 100 | 100 | 100 |
| AN | 100 | 100 | 100 | 100 | 100 |
| AO | 100 | 100 | 100 | 100 | 100 |
| AP | 100 | 100 | 100 | 100 | 100 |
| AQ | 100 | 100 | 100 | 100 | 100 |
| AR | 100 | 100 | 100 | 100 | 100 |
| AS | 100 | 100 | 100 | 100 | 100 |
| AT | 100 | 100 | 100 | 100 | 100 |
| AU | 100 | 100 | 100 | 100 | 100 |
| AV | 100 | 100 | 100 | 100 | 100 |
| AW | 100 | 100 | 100 | 100 | 100 |
| AX | 100 | 100 | 100 | 100 | 100 |
| AY | 100 | 100 | 100 | 100 | 100 |
| AZ | 100 | 100 | 100 | 100 | 100 |
| BA | 100 | 100 | 100 | 100 | 100 |
| BB | 100 | 100 | 100 | 100 | 100 |
| BC | 100 | 100 | 100 | 100 | 100 |
| BD | 100 | 100 | 100 | 100 | 100 |
| BE | 100 | 100 | 100 | 100 | 100 |
| BF | 100 | 100 | 100 | 100 | 100 |
| BG | 100 | 100 | 100 | 100 | 100 |
| BH | 100 | 100 | 100 | 100 | 100 |
| BI | 100 | 100 | 100 | 100 | 100 |
| BJ | 100 | 100 | 100 | 100 | 100 |
| BK | 100 | 100 | 100 | 100 | 100 |
| BL | 100 | 100 | 100 | 100 | 100 |
| BM | 100 | 100 | 100 | 100 | 100 |
| BN | 100 | 100 | 100 | 100 | 100 |
| BO | 100 | 100 | 100 | 100 | 100 |
| BP | 100 | 100 | 100 | 100 | 100 |
| BQ | 100 | 100 | 100 | 100 | 100 |
| BR | 100 | 100 | 100 | 100 | 100 |
| BS | 100 | 100 | 100 | 100 | 100 |
| BT | 100 | 100 | 100 | 100 | 100 |
| BU | 100 | 100 | 100 | 100 | 100 |
| BV | 100 | 100 | 100 | 100 | 100 |
| BW | 100 | 100 | 100 | 100 | 100 |
| BX | 100 | 100 | 100 | 100 | 100 |
| BY | 100 | 100 | 100 | 100 | 100 |
| BZ | 100 | 100 | 100 | 100 | 100 |
| CA | 100 | 100 | 100 | 100 | 100 |
| CB | 100 | 100 | 100 | 100 | 100 |
| CC | 100 | 100 | 100 | 100 | 100 |
| CD | 100 | 100 | 100 | 100 | 100 |
| CE | 100 | 100 | 100 | 100 | 100 |
| CF | 100 | 100 | 100 | 100 | 100 |
| CG | 100 | 100 | 100 | 100 | 100 |
| CH | 100 | 100 | 100 | 100 | 100 |
| CI | 100 | 100 | 100 | 100 | 100 |
| CJ | 100 | 100 | 100 | 100 | 100 |
| CK | 100 | 100 | 100 | 100 | 100 |
| CL | 100 | 100 | 100 | 100 | 100 |
| CM | 100 | 100 | 100 | 100 | 100 |
| CN | 100 | 100 | 100 | 100 | 100 |
| CO | 100 | 100 | 100 | 100 | 100 |
| CP | 100 | 100 | 100 | 100 | 100 |
| CQ | 100 | 100 | 100 | 100 | 100 |
| CR | 100 | 100 | 100 | 100 | 100 |
| CS | 100 | 100 | 100 | 100 | 100 |
| CT | 100 | 100 | 100 | 100 | 100 |
| CU | 100 | 100 | 100 | 100 | 100 |
| CV | 100 | 100 | 100 | 100 | 100 |
| CW | 100 | 100 | 100 | 100 | 100 |
| CX | 100 | 100 | 100 | 100 | 100 |
| CY | 100 | 100 | 100 | 100 | 100 |
| CZ | 100 | 100 | 100 | 100 | 100 |
| DA | 100 | 100 | 100 | 100 | 100 |
| DB | 100 | 100 | 100 | 100 | 100 |
| DC | 100 | 100 | 100 | 100 | 100 |
| DD | 100 | 100 | 100 | 100 | 100 |
| DE | 100 | 100 | 100 | 100 | 100 |
| DF | 100 | 100 | 100 | 100 | 100 |
| DG | 100 | 100 | 100 | 100 | 100 |
| DH | 100 | 100 | 100 | 100 | 100 |
| DI | 100 | 100 | 100 | 100 | 100 |
| DJ | 100 | 100 | 100 | 100 | 100 |
| DK | 100 | 100 | 100 | 100 | 100 |
| DL | 100 | 100 | 100 | 100 | 100 |
| DM | 100 | 100 | 100 | 100 | 100 |
| DN | 100 | 100 | 100 | 100 | 100 |
| DO | 100 | 100 | 100 | 100 | 100 |
| DP | 100 | 100 | 100 | 100 | 100 |
| DQ | 100 | 100 | 100 | 100 | 100 |
| DR | 100 | 100 | 100 | 100 | 100 |
| DS | 100 | 100 | 100 | 100 | 100 |
| DT | 100 | 100 | 100 | 100 | 100 |
| DU | 100 | 100 | 100 | 100 | 100 |
| DV | 100 | 100 | 100 | 100 | 100 |
| DW | 100 | 100 | 100 | 100 | 100 |
| DX | 100 | 100 | 100 | 100 | 100 |
| DY | 100 | 100 | 100 | 100 | 100 |
| DZ | 100 | 100 | 100 | 100 | 100 |
| EA | 100 | 100 | 100 | 100 | 100 |
| EB | 100 | 100 | 100 | 100 | 100 |
| EC | 100 | 100 | 100 | 100 | 100 |
| ED | 100 | 100 | 100 | 100 | 100 |
| EE | 100 | 100 | 100 | 100 | 100 |
| EF | 100 | 100 | 100 | 100 | 100 |
| EG | 100 | 100 | 100 | 100 | 100 |
| EH | 100 | 100 | 100 | 100 | 100 |
| EI | 100 | 100 | 100 | 100 | 100 |
| EJ | 100 | 100 | 100 | 100 | 100 |
| EK | 100 | 100 | 100 | 100 | 100 |
| EL | 100 | 100 | 100 | 100 | 100 |
| EM | 100 | 100 | 100 | 100 | 100 |
| EN | 100 | 100 | 100 | 100 | 100 |
| EO | 100 | 100 | 100 | 100 | 100 |
| EP | 100 | 100 | 100 | 100 | 100 |
| EQ | 100 | 100 | 100 | 100 | 100 |
| ER | 100 | 100 | 100 | 100 | 100 |
| ES | 100 | 100 | 100 | 100 | 100 |
| ET | 100 | 100 | 100 | 100 | 100 |
| EU | 100 | 100 | 100 | 100 | 100 |
| EV | 100 | 100 | 100 | 100 | 100 |
| EW | 100 | 100 | 100 | 100 | 100 |
| EX | 100 | 100 | 100 | 100 | 100 |
| EY | 100 | 100 | 100 | 100 | 100 |
| EZ | 100 | 100 | 100 | 100 | 100 |
| FA | 100 | 100 | 100 | 100 | 100 |
| FB | 100 | 100 | 100 | 100 | 100 |
| FC | 100 | 100 | 100 | 100 | 100 |
| FD | 100 | 100 | 100 | 100 | 100 |
| FE | 100 | 100 | 100 | 100 | 100 |
| FF | 100 | 100 | 100 | 100 | 100 |
| FG | 100 | 100 | 100 | 100 | 100 |
| FH | 100 | 100 | 100 | 100 | 100 |
| FI | 100 | 100 | 100 | 100 | 100 |
| FJ | 100 | 100 | 100 | 100 | 100 |
| FK | 100 | 100 | 100 | 100 | 100 |
| FL | 100 | 100 | 100 | 100 | 100 |
| FM | 100 | 100 | 100 | 100 | 100 |
| FN | 100 | 100 | 100 | 100 | 100 |
| FO | 100 | 100 | 100 | 100 | 100 |
| FP | 100 | 100 | 100 | 100 | 100 |
| FQ | 100 | 100 | 100 | 100 | 100 |
| FR | 100 | 100 | 100 | 100 | 100 |
| FS | 100 | 100 | 100 | 100 | 100 |
| FT | 100 | 100 | 100 | 100 | 100 |
| FU | 100 | 100 | 100 | 100 | 100 |
| FV | 100 | 100 | 100 | 100 | 100 |
| FW | 100 | 100 | 100 | 100 | 100 |
| FX | 100 | 100 | 100 | 100 | 100 |
| FY | 100 | 100 | 100 | 100 | 100 |
| FZ | 100 | 100 | 100 | 100 | 100 |
| GA | 100 | 100 | 100 | 100 | 100 |
| GB | 100 | 100 | 100 | 100 | 100 |
| GC | 100 | 100 | 100 | 100 | 100 |
| GD | 100 | 100 | 100 | 100 | 100 |
| GE | 100 | 100 | 100 | 100 | 100 |
| GF | 100 | 100 | 100 | 100 | 100 |
| GG | 100 | 100 | 100 | 100 | 100 |
| GH | 100 | 100 | 100 | 100 | 100 |
| GI | 100 | 100 | 100 | 100 | 100 |
| GJ | 100 | 100 | 100 | 100 | 100 |
| GK | 100 | 100 | 100 | 100 | 100 |
| GL | 100 | 100 | 100 | 100 | 100 |
| GM | 100 | 100 | 100 | 100 | 100 |
| GN | 100 | 100 | 100 | 100 | 100 |
| GO | 100 | 100 | 100 | 100 | 100 |
| GP | 100 | 100 | 100 | 100 | 100 |
| GQ | 100 | 100 | 100 | 100 | 100 |
| GR | 100 | 100 | 100 | 100 | 100 |
| GS | 100 | 100 | 100 | 100 | 100 |
| GT | 100 | 100 | 100 | 100 | 100 |
| GU | 100 | 100 | 100 | 100 | 100 |
| GV | 100 | 100 | 100 | 100 | 100 |
| GW | 100 | 100 | 100 | 100 | 100 |
| GX | 100 | 100 | 100 | 100 | 100 |
| GY | 100 | 100 | 100 | 100 | 100 |
| GZ | 100 | 100 | 100 | 100 | 100 |
| HA | 100 | 100 | 100 | 100 | 100 |
| HB | 100 | 100 | 100 | 100 | 100 |
| HC | 100 | 100 | 100 | 100 | 100 |
| HD | 100 | 100 | 100 | 100 | 100 |
| HE | 100 | 100 | 100 | 100 | 100 |
| HF | 100 | 100 | 100 | 100 | 100 |
| HG | 100 | 100 | 100 | 100 | 100 |
| HH | 100 | 100 | 100 | 100 | 100 |
| HI | 100 | 100 | 100 | 100 | 100 |
| HJ | 100 | 100 | 100 | 100 | 100 |
| HK | 100 | 100 | 100 | 100 | 100 |
| HL | 100 | 100 | 100 | 100 | 100 |
| HM | 100 | 100 | 100 | 100 | 100 |
| HN | 100 | 100 | 100 | 100 | 100 |
| HO | 100 | 100 | 100 | 100 | 100 |
| HP | 100 | 100 | 100 | 100 | 100 |
| HQ | 100 | 100 | 100 | 100 | 100 |
| HR | 100 | 100 | 100 | 100 | 100 |
| HS | 100 | 100 | 100 | 100 | 100 |
| HT | 100 | 100 | 100 | 100 | 100 |
| HU | 100 | 100 | 100 | 100 | 100 |
| HV | 100 | 100 | 100 | 100 | 100 |
| HW | 100 | 100 | 100 | 100 | 100 |
| HX | 100 | 100 | 100 | 100 | 100 |
| HY | 100 | 100 | 100 | 100 | 100 |
| HZ | 100 | 100 | 100 | 100 | 100 |
| IA | 100 | 100 | 100 | 100 | 100 |
| IB | 100 | 100 | 100 | 100 | 100 |
| IC | 100 | 100 | 100 | 100 | 100 |
| ID | 100 | 100 | 100 | 100 | 100 |
| IE | 100 | 100 | 100 | 100 | 100 |
| IF | 100 | 100 | 100 | 100 | 100 |
| IG | 100 | 100 | 100 | 100 | 100 |
| IH | 100 | 100 | 100 | 100 | 100 |
| II | 100 | 100 | 100 | 100 | 100 |
| IJ | 100 | 100 | 100 | 100 | 100 |
| IK | 100 | 100 | 100 | 100 | 100 |
| IL | 100 | 100 | 100 | 100 | 100 |
| IM | 100 | 100 | 100 | 100 | 100 |
| IN | 100 | 100 | 100 | 100 | 100 |
| IO | 100 | 100 | 100 | 100 | 100 |
| IP | 100 | 100 | 100 | 100 | 100 |
| IQ | 100 | 100 | 100 | 100 | 100 |
| IR | 100 | 100 | 100 | 100 | 100 |
| IS | 100 | 100 | 100 | 100 | 100 |
| IT | 100 | 100 | 100 | 100 | 100 |
| IU | 100 | 100 | 100 | 100 | 100 |
| IV | 100 | 100 | 100 | 100 | 100 |
| IW | 100 | 100 | 100 | 100 | 100 |
| IX | 100 | 100 | 100 | 100 | 100 |
| IY | 100 | 100 | 100 | 100 | 100 |
| IZ | 100 | 100 | 100 | 100 | 100 |
| JA | 100 | 100 | 100 | 100 | 100 |
| JB | 100 | 100 | 100 | 100 | 100 |
| JC | 100 | 100 | 100 | 100 | 100 |
| JD | 100 | 100 | 100 | 100 | 100 |
| JE | 100 | 100 | 100 | 100 | 100 |
| JF | 100 | 100 | 100 | 100 | 100 |
| JG | 100 | 100 | 100 | 100 | 100 |
| JH | 100 | 100 | 100 | 100 | 100 |
| JI | 100 | 100 | 100 | 100 | 100 |
| JJ | 100 | 100 | 100 | 100 | 100 |
| JK | 100 | 100 | 100 | 100 | 100 |
| JL | 100 | 100 | 100 | 100 | 100 |
| JM | 100 | 100 | 100 | 100 | |

NASDAQ

Wednesday's 4 P.M.
The 1,000 most traded National Market securities
in terms of dollar volume, updated twice a year.
The Associated Press.

| Stock | Dr | Yd | PE | High | Low | Open | Close |
|-----------|----|----|----|------|-----|------|-------|
| IBM | 12 | 11 | 10 | 110 | 108 | 109 | 109 |
| Microsoft | 11 | 10 | 9 | 100 | 98 | 99 | 99 |
| Apple | 10 | 9 | 8 | 90 | 88 | 89 | 89 |
| Oracle | 9 | 8 | 7 | 80 | 78 | 79 | 79 |
| Sun | 8 | 7 | 6 | 70 | 68 | 69 | 69 |
| HP | 7 | 6 | 5 | 60 | 58 | 59 | 59 |
| Intel | 6 | 5 | 4 | 50 | 48 | 49 | 49 |
| Motorola | 5 | 4 | 3 | 40 | 38 | 39 | 39 |
| Verizon | 4 | 3 | 2 | 30 | 28 | 29 | 29 |
| AT&T | 3 | 2 | 1 | 20 | 18 | 19 | 19 |

| Stock | Dr | Yd | PE | High | Low | Open | Close |
|----------|----|----|----|------|-----|------|-------|
| Amazon | 12 | 11 | 10 | 110 | 108 | 109 | 109 |
| Alibaba | 11 | 10 | 9 | 100 | 98 | 99 | 99 |
| Google | 10 | 9 | 8 | 90 | 88 | 89 | 89 |
| Facebook | 9 | 8 | 7 | 80 | 78 | 79 | 79 |
| Twitter | 8 | 7 | 6 | 70 | 68 | 69 | 69 |
| LinkedIn | 7 | 6 | 5 | 60 | 58 | 59 | 59 |
| Slack | 6 | 5 | 4 | 50 | 48 | 49 | 49 |
| Zoom | 5 | 4 | 3 | 40 | 38 | 39 | 39 |
| Dropbox | 4 | 3 | 2 | 30 | 28 | 29 | 29 |
| Evernote | 3 | 2 | 1 | 20 | 18 | 19 | 19 |

| Stock | Dr | Yd | PE | High | Low | Open | Close |
|------------|----|----|----|------|-----|------|-------|
| Netflix | 12 | 11 | 10 | 110 | 108 | 109 | 109 |
| Spotify | 11 | 10 | 9 | 100 | 98 | 99 | 99 |
| SoundCloud | 10 | 9 | 8 | 90 | 88 | 89 | 89 |
| Bandcamp | 9 | 8 | 7 | 80 | 78 | 79 | 79 |
| SoundCloud | 8 | 7 | 6 | 70 | 68 | 69 | 69 |
| Bandcamp | 7 | 6 | 5 | 60 | 58 | 59 | 59 |
| SoundCloud | 6 | 5 | 4 | 50 | 48 | 49 | 49 |
| Bandcamp | 5 | 4 | 3 | 40 | 38 | 39 | 39 |
| SoundCloud | 4 | 3 | 2 | 30 | 28 | 29 | 29 |
| Bandcamp | 3 | 2 | 1 | 20 | 18 | 19 | 19 |

| Stock | Dr | Yd | PE | High | Low | Open | Close |
|------------|----|----|----|------|-----|------|-------|
| Spotify | 12 | 11 | 10 | 110 | 108 | 109 | 109 |
| SoundCloud | 11 | 10 | 9 | 100 | 98 | 99 | 99 |
| Bandcamp | 10 | 9 | 8 | 90 | 88 | 89 | 89 |
| SoundCloud | 9 | 8 | 7 | 80 | 78 | 79 | 79 |
| Bandcamp | 8 | 7 | 6 | 70 | 68 | 69 | 69 |
| SoundCloud | 7 | 6 | 5 | 60 | 58 | 59 | 59 |
| Bandcamp | 6 | 5 | 4 | 50 | 48 | 49 | 49 |
| SoundCloud | 5 | 4 | 3 | 40 | 38 | 39 | 39 |
| Bandcamp | 4 | 3 | 2 | 30 | 28 | 29 | 29 |
| SoundCloud | 3 | 2 | 1 | 20 | 18 | 19 | 19 |

| Stock | Dr | Yd | PE | High | Low | Open | Close |
|------------|----|----|----|------|-----|------|-------|
| Spotify | 12 | 11 | 10 | 110 | 108 | 109 | 109 |
| SoundCloud | 11 | 10 | 9 | 100 | 98 | 99 | 99 |
| Bandcamp | 10 | 9 | 8 | 90 | 88 | 89 | 89 |
| SoundCloud | 9 | 8 | 7 | 80 | 78 | 79 | 79 |
| Bandcamp | 8 | 7 | 6 | 70 | 68 | 69 | 69 |
| SoundCloud | 7 | 6 | 5 | 60 | 58 | 59 | 59 |
| Bandcamp | 6 | 5 | 4 | 50 | 48 | 49 | 49 |
| SoundCloud | 5 | 4 | 3 | 40 | 38 | 39 | 39 |
| Bandcamp | 4 | 3 | 2 | 30 | 28 | 29 | 29 |
| SoundCloud | 3 | 2 | 1 | 20 | 18 | 19 | 19 |

| Stock | Dr | Yd | PE | High | Low | Open | Close |
|------------|----|----|----|------|-----|------|-------|
| Spotify | 12 | 11 | 10 | 110 | 108 | 109 | 109 |
| SoundCloud | 11 | 10 | 9 | 100 | 98 | 99 | 99 |
| Bandcamp | 10 | 9 | 8 | 90 | 88 | 89 | 89 |
| SoundCloud | 9 | 8 | 7 | 80 | 78 | 79 | 79 |
| Bandcamp | 8 | 7 | 6 | 70 | 68 | 69 | 69 |
| SoundCloud | 7 | 6 | 5 | 60 | 58 | 59 | 59 |
| Bandcamp | 6 | 5 | 4 | 50 | 48 | 49 | 49 |
| SoundCloud | 5 | 4 | 3 | 40 | 38 | 39 | 39 |
| Bandcamp | 4 | 3 | 2 | 30 | 28 | 29 | 29 |
| SoundCloud | 3 | 2 | 1 | 20 | 18 | 19 | 19 |

NYSE
Wednesday's 4 P.M. Close
(Continued)

| Stock | Dr | Yd | PE | High | Low | Open | Close |
|-----------|----|----|----|------|-----|------|-------|
| IBM | 12 | 11 | 10 | 110 | 108 | 109 | 109 |
| Microsoft | 11 | 10 | 9 | 100 | 98 | 99 | 99 |
| Apple | 10 | 9 | 8 | 90 | 88 | 89 | 89 |
| Oracle | 9 | 8 | 7 | 80 | 78 | 79 | 79 |
| Sun | 8 | 7 | 6 | 70 | 68 | 69 | 69 |
| HP | 7 | 6 | 5 | 60 | 58 | 59 | 59 |
| Intel | 6 | 5 | 4 | 50 | 48 | 49 | 49 |
| Motorola | 5 | 4 | 3 | 40 | 38 | 39 | 39 |
| Verizon | 4 | 3 | 2 | 30 | 28 | 29 | 29 |
| AT&T | 3 | 2 | 1 | 20 | 18 | 19 | 19 |

| Stock | Dr | Yd | PE | High | Low | Open | Close |
|----------|----|----|----|------|-----|------|-------|
| Amazon | 12 | 11 | 10 | 110 | 108 | 109 | 109 |
| Alibaba | 11 | 10 | 9 | 100 | 98 | 99 | 99 |
| Google | 10 | 9 | 8 | 90 | 88 | 89 | 89 |
| Facebook | 9 | 8 | 7 | 80 | 78 | 79 | 79 |
| Twitter | 8 | 7 | 6 | 70 | 68 | 69 | 69 |
| LinkedIn | 7 | 6 | 5 | 60 | 58 | 59 | 59 |
| Slack | 6 | 5 | 4 | 50 | 48 | 49 | 49 |
| Zoom | 5 | 4 | 3 | 40 | 38 | 39 | 39 |
| Dropbox | 4 | 3 | 2 | 30 | 28 | 29 | 29 |
| Evernote | 3 | 2 | 1 | 20 | 18 | 19 | 19 |

| Stock | Dr | Yd | PE | High | Low | Open | Close |
|------------|----|----|----|------|-----|------|-------|
| Netflix | 12 | 11 | 10 | 110 | 108 | 109 | 109 |
| Spotify | 11 | 10 | 9 | 100 | 98 | 99 | 99 |
| SoundCloud | 10 | 9 | 8 | 90 | 88 | 89 | 89 |
| Bandcamp | 9 | 8 | 7 | 80 | 78 | 79 | 79 |
| SoundCloud | 8 | 7 | 6 | 70 | 68 | 69 | 69 |
| Bandcamp | 7 | 6 | 5 | 60 | 58 | 59 | 59 |
| SoundCloud | 6 | 5 | 4 | 50 | 48 | 49 | 49 |
| Bandcamp | 5 | 4 | 3 | 40 | 38 | 39 | 39 |
| SoundCloud | 4 | 3 | 2 | 30 | 28 | 29 | 29 |
| Bandcamp | 3 | 2 | 1 | 20 | 18 | 19 | 19 |

| Stock | Dr | Yd | PE | High | Low | Open | Close |
|------------|----|----|----|------|-----|------|-------|
| Spotify | 12 | 11 | 10 | 110 | 108 | 109 | 109 |
| SoundCloud | 11 | 10 | 9 | 100 | 98 | 99 | 99 |
| Bandcamp | 10 | 9 | 8 | 90 | 88 | 89 | 89 |
| SoundCloud | 9 | 8 | 7 | 80 | 78 | 79 | 79 |
| Bandcamp | 8 | 7 | 6 | 70 | 68 | 69 | 69 |
| SoundCloud | 7 | 6 | 5 | 60 | 58 | 59 | 59 |
| Bandcamp | 6 | 5 | 4 | 50 | 48 | 49 | 49 |
| SoundCloud | 5 | 4 | 3 | 40 | 38 | 39 | 39 |
| Bandcamp | 4 | 3 | 2 | 30 | 28 | 29 | 29 |
| SoundCloud | 3 | 2 | 1 | 20 | 18 | 19 | 19 |

| Stock | Dr | Yd | PE | High | Low | Open | Close |
|------------|----|----|----|------|-----|------|-------|
| Spotify | 12 | 11 | 10 | 110 | 108 | 109 | 109 |
| SoundCloud | 11 | 10 | 9 | 100 | 98 | 99 | 99 |
| Bandcamp | 10 | 9 | 8 | 90 | 88 | 89 | 89 |
| SoundCloud | 9 | 8 | 7 | 80 | 78 | 79 | 79 |
| Bandcamp | 8 | 7 | 6 | 70 | 68 | 69 | 69 |
| SoundCloud | 7 | 6 | 5 | 60 | 58 | 59 | 59 |
| Bandcamp | 6 | 5 | 4 | 50 | 48 | 49 | 49 |
| SoundCloud | 5 | 4 | 3 | 40 | 38 | 39 | 39 |
| Bandcamp | 4 | 3 | 2 | 30 | 28 | 29 | 29 |
| SoundCloud | 3 | 2 | 1 | 20 | 18 | 19 | 19 |

| Stock | Dr | Yd | PE | High | Low | Open | Close |
|------------|----|----|----|------|-----|------|-------|
| Spotify | 12 | 11 | 10 | 110 | 108 | 109 | 109 |
| SoundCloud | 11 | 10 | 9 | 100 | 98 | 99 | 99 |
| Bandcamp | 10 | 9 | 8 | 90 | 88 | 89 | 89 |
| SoundCloud | 9 | 8 | 7 | 80 | 78 | 79 | 79 |
| Bandcamp | 8 | 7 | 6 | 70 | 68 | 69 | 69 |
| SoundCloud | 7 | 6 | 5 | 60 | 58 | 59 | 59 |
| Bandcamp | 6 | 5 | 4 | 50 | 48 | 49 | 49 |
| SoundCloud | 5 | 4 | 3 | 40 | 38 | 39 | 39 |
| Bandcamp | 4 | 3 | 2 | 30 | 28 | 29 | 29 |
| SoundCloud | 3 | 2 | 1 | 20 | 18 | 19 | 19 |

Handwritten text: 2001.07.02

ASIA/PACIFIC

Koreans Waffle on Rubin Plea To Cut Fat

By Don Kirk
International Herald Tribune

SEOUL — Treasury Secretary Robert Rubin pointedly asked a group of South Korea's wealthiest tycoons on Wednesday if they were considering a "big deal" for getting rid of money-losing divisions and companies.

He received, according to one account of the meeting, an ambivalent reply from Kim Woo Choong, chairman of the Daewoo group, Korea's third-largest chaebol or conglomerate.

"It will take a long time," replied Mr. Kim, who is the acting chairman of the Federation of Korean Industries, made up of chaebol chairmen, as quoted by a federation aide. "We have many other technical problems to discuss in detail."

The interchange underlined the reluctance of the chaebol to go along with efforts by the government to convince them to merge some of their biggest companies, in fields ranging from motor vehicles to petrochemicals to electronics, in order to cut mounting losses.

Mr. Rubin refused to comment on his meeting with the chaebol leaders but said earlier that he discussed the role of the chaebol throughout a one-day visit that began with a breakfast in which American businessmen discussed the frustrations of doing business here.

Mr. Rubin said he had come away from a meeting with President Kim Dae Jung, who has pressured the chaebol to speed up reform efforts, "with a sense of deep commitment to reform" under terms of the package of nearly \$60 billion worked out by the International Monetary Fund.

With foreign reserves in South Korea now up to about \$39 billion from \$4 billion in the darkest hours of the crisis in December, Mr. Rubin said the United States did not need to help directly, but he added that "we are available for advice and counseling."

The Treasury secretary's session with chaebol leaders, after he had offered his optimistic view of Korea's reform program, marked a low point in an otherwise upbeat day.



STRIPPED DOWN — Workers in Melbourne doing a "strip protest" Wednesday against a new law limiting bonus pay and employment protection. Meanwhile, a survey predicted that the Asian financial crisis would cut 4,000 Australian jobs in the next three months.

Malaysia Plans to Revive Public Projects

Compiled by Our Staff From Dispatches

KUALA LUMPUR — Finance Minister Anwar Ibrahim of Malaysia announced plans Wednesday to set up a 5 billion ringgit (\$1.22 billion) fund to revive stalled infrastructure projects.

Mr. Anwar also announced that the Kuala Lumpur Options and Financial Futures Exchange would be taken over by the Kuala Lumpur Stock Exchange.

The country plans to raise money for the fund by selling bonds domestically and overseas.

"If it is up to the government to provide the engine" of growth, he said, "then we will have to do

that." He added, "The projects will include all important projects that have been deferred but deemed to be urgent."

Mr. Anwar said these included monorail, sewage and highway projects, but not the controversial Bakun dam project in the eastern state of Sarawak.

The Malaysian government last year deferred several major projects, including the dam, following the collapse of the currency.

The size of the loans and the lending rate will vary for each project.

The move comes as neighboring

countries such as Singapore and Hong Kong unveiled measures to raise government spending to stem a slide in their economies. Malaysia's economy shrank 1.8 percent in the first quarter from a year ago, its first contraction in 13 years.

Mr. Anwar said the Kuala Lumpur Stock Exchange's takeover of the management of the Options and Financial Futures Exchange will "enable the KLSE to conduct futures trading activities more aggressively." It is "a commercial decision by the KLSE and its principal shareholders," he added.

Details will be given later.

(Bloomberg, AFP)

RUBIN: Secretary's Goal Is to Get Japan 'Back on Track'

Continued from Page 1

The United States and China were forging a "special relationship," a heavily veiled expression of concern about Asian countries have about how China's power will grow in the coming years.

"I wouldn't characterize it that way," Mr. Rubin told Mr. Kim, although he added that Mr. Clinton has long regarded better relations between the United States and

China as important. In a day capped by a visit to the demilitarized zone between North and South Korea, Mr. Rubin met with Mr. Kim and business and labor leaders in hopes of gaining a better understanding of the issues confronting Korea as its efforts to reform its economy begin to bite.

The more radical of the two labor confederations here gave him a stern lecture on the evils of the International Monetary Fund's economic

resuscitation program, which includes maintaining high interest rates and introducing greater flexibility into the labor market.

Those two things are blamed for pushing companies into bankruptcy at the current rate of 3,000 a month and putting 1.6 million people out of jobs. Nonetheless, Mr. Rubin said the Koreans understood the need for broad-based support for economic reform in spite of the immediate pain it causes.

Tokyo Stocks Forge Ahead On Optimism Over Loans

By Sheryl WuDunn
New York Times Service

TOKYO — The stock market carried its rally Wednesday into a sixth straight day, logging its third largest single-day gain this year, on expectations that the government's blueprint for cleaning up bad bank loans will ultimately be the beginning of an economic revival.

The yen also rose as the dollar slipped to 138.28 yen in late Tokyo trading from 139.155 yen on Tuesday in New York, partly on fears that the government might intervene in the currency markets to support the yen when it announces a bank bailout plan on Thursday.

The centerpiece of the plan is the use of "bridge banks" to take over the business of failed institutions so that credit-worthy borrowers would not be left in the lurch if their main bank fails.

The success of the blueprint is by no means certain. But for the last few days, investors have begun to raise their hopes that the proposal might actually begin to chip away large chunks of the nation's mountain of bad and doubtful debt, which totals at least \$560 billion.

In the last few weeks, Japanese politicians have taken charge of the challenge, and although some of their effort is timed to their campaigning for parliamentary elections on July 12, there is a growing sense that momentum is building within the governing Liberal Democratic Party and the government due to world pressure.

"We think it's real," said Richard Medley, of New York-based Medley Global Advisors, after talking with Japanese politicians in Tokyo this week. "These guys realize that the pain of delaying reform is actually worse than the pain of reform."

The benchmark Nikkei 225 rose to 16,362.89, up 532.62 points, or 3.4 percent from the Tuesday close. Reports that the government also might carry out a "permanent" income tax cut of up to nearly \$30 billion also sent investors rushing into the market. Kanezo Muraoka, chief cabinet secretary of the government, denied the report but suggested that the government would try to reach a decision after the elections on such an income tax cut.

Investor's Asia

| Exchange | Index | Wednesday Close | Previous Close | Change |
|---------------------------|-------|-----------------|----------------|--------|
| Hong Kong Hang Seng | | 10,955.10 | 10,868.68 | +2.57 |
| Singapore Straits Times | | 2,689.40 | 2,688.40 | +1.16 |
| Sydney All Ordinaries | | 16,362.89 | 15,830.27 | +5.38 |
| Tokyo Nikkei 225 | | 471.23 | 455.04 | +3.42 |
| Kuala Lumpur Composite | | 287.33 | | |
| Bangkok SET | | 315.56 | 297.98 | +5.94 |
| Seoul Composite Index | | 1,781.96 | 1,780.13 | +1.24 |
| Taipei Stock Market Index | | 4,565.41 | 445.92 | +2.58 |
| Manila PSE | | 2,008.58 | 1,984.59 | +2.54 |
| Jakarta Composite Index | | 3,230.60 | 3,250.69 | -0.62 |
| Wellington NZSE-40 | | | | |
| Bombay Sensitive Index | | | | |

Very briefly:

• LM Ericsson AB, the Swedish maker of telecommunications equipment, said it would merge its Japanese infrastructure unit with a joint venture it set up six years ago with Toshiba Corp., in a move to cut costs.

• Moody's Investors Service said ratings of five South Korean banks that have been ordered by the government to take over ailing banks had been placed under review for possible downgrades of their long-term debt and financial strength. The five named by Moody's are Hana Bank, Hoesung & Commercial Bank of Korea, Kookmin Bank, Kor Am Bank and Shinhan Bank.

• Ford Motor Co. and Mazda Motor Corp. said their new \$450 million plant in Thailand would produce only 9,400 pickup trucks in its first six months of operation, a fraction of what was planned, because of the country's recession.

• Hyundai Motor Co.'s union workers called a halt to a 26-hour strike protesting the South Korean auto maker's plan to lay off 10 percent of its employees, but threatened an indefinite strike if the company did not meet their demands within five days.

• Sales of motor vehicles in Japan fell for a 15th consecutive month in June, with 380,708 sold, down 9.2 percent from a year earlier.

AFP, Bloomberg

Indonesia Airlines Owe for Fuel

Agence France-Press

JAKARTA — Pertamina, the Indonesian state-run oil and gas company, has ordered the country's struggling airlines to pay cash for fuel. Pertamina's president director, Sugianto, said Wednesday.

Mr. Sugianto said that as of last Friday three airlines — Garuda Indonesia, Sempati and Merpati — owed Pertamina a total of \$19 million in U.S. currency and 103 billion rupiah (\$6.9 million) in the Indonesian currency.

RAND: Market's Target

Continued from Page 13

South Africa is somewhat insulated against damage from currency crises. Snubbed by the world, it became self-sufficient in food, steel, chemicals, textiles and other basics. It once produced a third of its own gasoline from coal; that is down to 10 percent, but fuel prices are still relatively low. Its biggest imports are unassembled auto parts, computers and machinery.

The people immediately hit hardest — and complaining loudest — are the relatively small numbers of upper-middle-class and rich people who buy imported clothes and take vacations abroad.

But anyone with a variable-rate mortgage or car loan will soon be hurt, too, if interest rates stay high, and so will the many stores that sell to the poor on credit.

The poor should not be hurt until high interest rates slow the economy enough to cause more layoffs. Job losses are already a problem — the economy shed about 130,000 jobs last year, while growth was only 1.7 percent.

On the other hand, a weak rand could stimulate the moribund economy in some ways. The rand is now "clearly significantly undervalued by any measure," said Nico Cypionka, chief economist for Standard Bank here.

All the country's exports, from gold, platinum, manganese and zinc to chemicals, paper pulp, fruit and wine, should benefit. Gold mines, which have been laying off thousands of workers because gold is below \$300 an ounce, may become profitable again, because those workers are paid in rand.

The most important thing for the economy, economists say, is to get South Africans to save. They have one of the world's lowest savings rates.

When the rand was created in 1962, it was pegged at 2 rand to a British pound, back when the pound was worth about \$5 — giving the rand a value then of \$2.50. On Monday, it briefly hit 10 rand per pound.

"When I studied in the United States in the late 1960s, I got \$1.40 for my rand," Mr. Terblanche said. "Now it's 16 cents. It's hard to think we can be so degraded internationally."

Milan, Corso Matteotti 5

Property of Banca Monte dei Paschi di Siena S.p.A.

Servizi Immobiliari Banche - S.I.B. S.p.A. has been given the task of promoting the sale of the building located in Corso Matteotti 5, Milan, as is and in its present legal status. The building is located in a prestigious position between Piazza San Babila and Piazza della Scala, and is part of a larger complex built according to a design by the architect Lancia in the early 1930s. The building has six above-ground floors, plus a basement level and a mezzanine floor, with an inner courtyard with vehicle access from Via Montenapoleone, 1. With the exception of the areas of the building for commercial use on the ground and mezzanine floors, and the apartment located on the third floor (occupied without contract), the building is completely vacant.

Interested parties should present fully secured purchase offers, by 12:00 noon on July 31, 1998 via registered letter with return receipt sent to Servizi Immobiliari Banche - S.I.B. S.p.A. in Milan, Via Verziere n. 13.

Procedure for presenting offers: indicate the purchase price for the entire complex, specifying payment dates and methods;

- indicate the offer's term of validity, which should be no less than 45 days starting from July 31, 1998;
- provide a bank declaration that an irrevocable time deposit has been made up to the date the offer is expected to expire, in favor of Banca Monte dei Paschi di Siena S.p.A. for a sum no less than 10% of the price offered;
- declare that the offering party is interested in buying solely on its own behalf and not on behalf of a person or company to be indicated later;
- attach a declaration of consent to permit Servizi Immobiliari Banche - S.I.B. S.p.A. to process the offeror's personal data and transmit it to the Owner in compliance with Italian Privacy Law 675/96.

Offers presented will be submitted to Banca Monte dei Paschi di Siena S.p.A., for the necessary evaluations. Acceptance will be notified by registered letter. If there are a number of offers, the Owner reserves the right to invite the offerors, via a registered letter explaining how to raise bids, to a meeting the date of which shall be therein indicated, where higher offers can be made within the framework of a competitive bidding. The premises can be examined by appointment, confirmed via fax sent to Servizi Immobiliari Banche - S.I.B. S.p.A. of Milan - Sales Management Office.

This announcement is not a public offer pursuant to Art. 1336 of the Italian Civil Code. Thus, receipt of offers involves no obligation to sell to said offerors, nor does it give them any rights for any reason, including the right to brokerage or advisory fees, even where the offer is accepted. The provisions of the Italian announcement will prevail over any other advertisement in a foreign language in foreign newspapers. This announcement and the sales process are governed by Italian law.

Full documentation about the building is also available on-line at the following internet address: <http://www.sib-spa.com>



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THE WORLD'S DAILY NEWSPAPER

BANCO CENTRAL REPUBLICA DOMINICANA

RNC 401-00755-1

NOTICE OF PUBLIC BIDDING CENTRAL BANK OF THE DOMINICAN REPUBLIC SALE OF THE PLAYA GRANDE TOURIST PROJECT

A. General.

1. The Central Bank of the Dominican Republic gives notice to national and foreign investors of an invitation to participate, either directly or by means of their representatives duly accredited before the Central Bank, in a public bidding to present bids for the purchase of the Playa Grande Tourist Project. This complex is located on the North Coast of the Dominican Republic and is the property of the Central Bank. For purposes of this bidding, participants must demonstrate their capacity to promote and develop tourist projects of importance.

Further information may be obtained at the following addresses or numbers:

DEPARTAMENTO DE DESARROLLO Y FINANCIAMIENTO DE PROYECTOS (DEFINPRO)
BANCO CENTRAL DE LA REPUBLICA DOMINICANA
2do Piso, Antigua Sede
Calle Pedro Henriquez Ufrea, esq. Leopoldo Navarro
Santo Domingo, Dominican Republic

Telephone: (809) 689-5311 or (809) 682-6336

Telefax: (809) 688-0120

E-mail address: webmaster@bancentral.gov.do

Web Site: www.bancentral.gov.do

2. The project is located on 3.5 million square meters, including 1.6 kilometers (1 mile) of first-quality beachfront on the ocean. It is situated between the towns of Puerto Plata and Nagua, and between the Puerto Plata and Samana International Airports, on the North Coast of the Dominican Republic. Puerto Plata International Airport is served by a number of U.S., European, and South American airline companies with regularly scheduled passenger service and charter flights. At present, this airport accounts for 33% of international tourist arrivals in the Dominican Republic. Daily connections by air to the capital city of Santo Domingo are available.

3. The project includes a professional golf course designed by Robert Trent Jones, all 18 holes of which enjoy spectacular views of the Atlantic Ocean, and all of the amenities which are appropriate to a project of this quality, such as an imposing clubhouse, caddy building, residual water treatment plant, and an aqueduct capable of serving 4,000 rooms.

The area to be sold includes 2.7 million square meters for the construction of hotels, villas, and additional facilities, for a capacity of 4,000 rooms expandable to 6,000.

B. Procedure

The Bidding Commission designated by the Monetary Board establishes a time limit up to and including August 20, 1998 for the receipt of prequalification proposals from those firms or entities which are interested in participating in said bidding. The Central Bank will notify the qualified firms on September 3, 1998 at the latest so that they may submit their purchase proposals. These shall be received no later than November 3, 1998, at which time the envelopes shall be opened. Prequalified participants may initiate the due diligence visit and interview process, the coordination of which shall be the responsibility of DEFINPRO, at the above listed address and phone sites.

July 1, 1998

July 1, 1998

999 Other Funds

COREBOARD

The data in the list above is the name supplied by the fund groups to Microcap SA. It is collected and reformatted into the list before being transmitted to the PFT. Microcap and the PFT do not warrant the quality or accuracy of the list, the date of the performance of the Fund Groups and will not be liable for the list. The date of Fund Group to any extent. The list is not and shall not be deemed to be an offer by the PFT or Microcap to sell securities or investments of any kind. Investments can fall as well as rise. Past performance does not guarantee future success. It is advisable to seek advice from a qualified independent adviser before investing.

THURSDAY, JULY 2, 1998

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WORLD ROUNDUP

U.S. Team Cancels

BASKETBALL USA Basketball on Wednesday canceled a July 14 exhibition game for the team that will represent the United States in next month's World Championship after 12 National Basketball Association players dropped out because of the NBA lockout, which started earlier in the day.

Warren Brown, executive director of USA Basketball, said the game was canceled "because of the expected need for additional training time for the new team." (AP)

Blues Let Hull Go

ICE HOCKEY The St. Louis Blues of the National Hockey League will not re-sign star wing Brett Hull, the leading goal-scorer in team history, the club said Tuesday. (AP)

Phillips In Trouble Again

FOOTBALL Lawrence Phillips, the Dolphins running back, is under investigation for allegedly punching a woman in the face at a night club near Miami. Police said Phillips, 23, hit the woman after she refused to dance with him. (AP)

Davenport, Seles and Williams Bow Out

Sampras, Henman, Krajicek and Ivanisevic Charge On to Reach Men's Semifinals

By Jennifer Frey

Washington Post Service

WIMBLEDON, England — Venus Williams went down screaming and glaring — and, at one point, crying — Wednesday on Center Court. Monica Seles was more quiet, calmly bowing her head. And Lindsay Davenport

WIMBLEDON

hustled away from Wimbledon 1998 so quickly and meekly that it seemed as if she had planned to be elsewhere all along.

With the three remaining American women bounced from the quarterfinals, No. 1 Pete Sampras was the lonely man left to carry the U.S. flag. And Sampras did so valiantly, knocking out Mark Philippoussis, 7-6 (7-5), 6-4, 6-4, to move two victories away from his fifth Wimbledon title. His next opponent, though, will be a doozy. No. 12 Tim Henman, now England's best hope for sporting glory, upset third-seeded Petr Korda, 6-3, 6-4, 6-2, to ease his nation's soccer hangover the day after England suffered a penalty-kick loss to Argentina in the World Cup in France.

Sampras and Henman — who is bid-

ding to become the first British man to win Wimbledon since Fred Perry did so in 1936 — will meet in the centerpiece semifinal Friday on Center Court, with No. 9 Richard Krajicek and No. 14 Goran Ivanisevic to battle in the other. Krajicek beat Jason Stoltenberg on Wednesday and Ivanisevic beat Jan Siemink.

"It was a huge disappointment for everyone — for the players, for every-one watching," Henman said of the soccer game Tuesday night. "I didn't want to continue that trend, and I was keen to win."

The dark cloud that moved across the All England Club on Wednesday had nothing to do with Wimbledon's usually weepy weather. It was, instead, the result of a trio of results that left the on-crowd women's draw without a good dose of its flash. Seles, the clear crowd favorite, was beaten, 7-6 (7-4), 6-2, by the unseeded Natasha Zvereva of Belarus, who had banished the beloved Steffi Graf five days earlier. Davenport, the second seed here and the second-ranked woman in the world, collapsed at the hands of No. 14 Nathalie Tauziat of France, who seemed to need little effort to win, 6-3, 6-3.

Williams — whose towering physique,

clinking hair beads and outsized personality have made her an 18-year-old tennis sensation — failed in her loud and memorable attempt to bounce No. 3 Jana Novotna from the field. Novotna won that quarterfinal, 7-5, 7-6 (7-2), after watching Williams stare down one lineswoman, berate another and share a few unhappy words with the chair umpire.

When it was over, Wimbledon found itself with a diverse set of women's semifinals scheduled for Friday on Thursday. One is a reprise of last year's title match, pitting No. 1 Martina Hingis — who avoided upset fever with her 6-3, 3-6, 6-3 victory over No. 5 Arantxa Sanchez-Vicario — against Novotna, whose most memorable Wimbledon moment remains the day she cried on the Duchess of Windsor's shoulder in defeat. And the other features Zvereva and Tauziat, two relative unknowns who have unexpectedly blossomed in a field abloom with big names and colorful personalities.

"It's really, it's really...hmm, in a nice way?" Novotna said, when asked for her reaction to the semifinal field. "It's definitely very surprising."

Novotna did not count herself among the surprises — she meant Zvereva and

Tauziat — but Williams certainly did. Having announced that she planned to win Wimbledon this year, Williams was frustrated by the way in which her plan self-destructed.

But her match was a far cry from the two disappointing duels on Court 1, when both Seles and Davenport ended forceful Wimbledon runs with the smallest of whitewashes. Playing her first singles match on Center Court, Williams lost the first set despite holding a 4-1 lead at one point. Then she erupted in the second, starting down a lineswoman and shouting, "You've got to call 'em!" when one questionable decision helped lead to a break in her serve in the first game of that set. She lost her temper again when yet another call confounded her while serving in the seventh game.

On the changeover after that game — in which she also was broken — Williams threw down her racket, snatched up her towel and appeared to have tears



Natasha Zvereva eyeing victory Wednesday.

well up in her eyes.

"I think that the crowd probably enjoyed my emotional outbursts," Williams said later, dismissing the suggestion that her behavior was inappropriate at this staid tournament.

This Ullrich Is No Joke: He's Primed for the Tour

By Samuel Abt
International Herald Tribune

PARIS — Let's have no more jokes, please, about tubby Jan Ullrich — how he will do his military service in Germany as a blimp and how, when his Telekom team shows up for a bicycle race, he counts as two of the nine entries.

True, Ullrich gained at least 10 kilograms (22 pounds) during the winter as he chomped his way through banquets celebrating the first victory by a German in the Tour de France. And true, when he showed up for the first races of the year in February, people worried that instead of a titanium bicycle under him, perhaps he should be riding something made of a metal less likely to buckle, like cast iron.

Always stocky, he weighed in after the winter reveals at 83 kilograms (182 pounds) on his 1.83-meter (6-foot) frame, which explained his dismal results in his first three months of racing.

That's over now. The lard has been rendered, the sweat sweated off.

The two cases of bronchitis and the ear ache that set back his training are long behind him. His miserable April and his 78th, 97th and 134th places in races in Spain are just memories.

The 24-year-old German, who finished second and then first in his initial two Tours de France, is back in form and hungering for another victory in the world's greatest bicycle race. "I'm at 90 percent now," he said a few weeks ago, "and certain that I'll be ready for the start of the Tour."

There is scant reason to doubt him. In the Tour of Switzerland last month, he showed that his time-trialing skill had returned, and he stayed with all but the top climbers in the mountains.

Those were the two keys to his victory in the last Tour: gaining minutes in the time trials and losing none to his main rivals in the mountains. The formula should work just as well when the 85th Tour starts its three-week journey on July 11 in Dublin.

Dublin? Sure, why not? The Tour de France has started before outside the mother country — in the Netherlands as recently as 1996, in Spain in 1992. What's really new is that the start, usually at the beginning of July, was pushed back a week to allow a soccer tournament in France to get itself over with. The late start means that the roughly 3,850-kilometer (2,390-mile) race of 21 teams composed of 9 riders each will

not finish in Paris until Aug. 2. Once the Tour reaches France, in Brittany on July 14 after three days in Ireland, it will follow a counterclockwise route, passing the Pyrenees first and then the Alps.

At least on paper, the mountains are not as fearsome as usual this year. There will be two daily stages in the Pyrenees followed by a day off on July 23, and three in the Alps, but the first-rank climbers have complained bitterly that this is not a course that favors them.

Not demanding enough, say both Richard Virenque, the Frenchman with the Festina team who has won the top climber's jersey in the last four Tours and finished second overall last year, and Marco Pantani, an Italian with Mercatone Uno who finished third last year, won the Giro d'Italia in June and is generally reckoned the most dominant climber in the sport.

Neither one is an outstanding time trialer, as Ullrich is. Since this Tour will have the customary two long races against the clock — 58 kilometers on July 18 and 52 kilometers on Aug. 1 — Virenque seems unlikely to repeat his appearance on the final podium.

Pantani is another case: He is not sulking, as Virenque is, and may be cool-headed enough to understand that riders, not mountains, make the race.

Other obvious contenders are riders in Ullrich's mold if not quite his class. They include Bjarne Riis, a Dane, Ullrich's teammate and the winner of the 1996 Tour but now a creaky 34 years old. Abraham Olano, a Spaniard with Banesto, can climb and time trial with the best, although he cannot necessarily do both in the same race. Laurent Jalabert, a Frenchman with ONCE, has been unable to get over the highest mountains in his last two Tours and so has changed his training methods, possibly for the better. Michael Boogerd, a Dutchman with Rabobank, gets stronger all the time.

Two more riders who should do well are Alex Zülle and Laurent Dufland, both Swiss and both with the Festina team, which is led by Virenque. If they can all work together, they can take turns making trouble for Ullrich.

Days before the prologue in Dublin, however, the defending champion's main threat still appears to be his appetite. If he can restrict himself to the 6,000 or 7,000 calories a day that most bicycle racers consume, he figures to be in the yellow jersey by the finish.

McGwire Gains In Home-Run Pursuit, but He's Not Alone

The Associated Press

If Mark McGwire keeps it up, he will break Roger Maris' home run record. But he might have company.

McGwire tied Reggie Jackson's record for most homers before the All-Star break, hitting No. 37 in St. Louis's 6-1 loss to Kansas City on Tuesday.

BASEBALL ROUNDUP

night. But Seattle's Ken Griffey Jr. and Sammy Sosa of the Chicago Cubs each hit No. 33 to keep pace in their pursuit of Maris' mark of 61 homers in 1961.

McGwire, who also singled and doubled, hit a 472-foot shot off Glendon Rusch in the seventh in St. Louis, Missouri. Rusch, who was shelled in his previous start, held St. Louis to six hits in eight innings.

Jeff Conine drove in two runs and stole home for the Royals, who played in St. Louis for the first time since the 1985 World Series.

Jackson had 37 homers in 92 games for Oakland before the 1969 All-Star break, but hit only 10 more the rest of the season. McGwire has 37 homers in 81 games, with five remaining before the All-Star game Tuesday in Denver.

Diamondbacks 5, Cubs 4 Sosa extended his major-league record for homers in a month by hitting his 20th in June — a solo shot in the eighth — but the Cubs lost to Arizona in Chicago.

Rockies 6, Mariners 4 Griffey hit a solo shot in Seattle, but he fled out with



Snagging a pop fly, the Texas catcher Ivan Rodriguez plunges into the camera well in a loss to Los Angeles.

a man on third to end the game as the Mariners completed their worst June in franchise history at 8-24.

Colorado broke a 4-4 tie in the seventh with an unearned run, then added a run in the eighth on Randy Johnson's wild pitch.

Pedro Astacio got the victory, giving up four runs and seven hits in 7 1/2 innings. Johnson allowed six runs and 10 hits in eight innings. He struck out 12, walked one and threw two wild pitches.

Red Sox 7, Expos 4 Nomar Gar-

ciaparra singled to extend his hitting streak to 21 games — the longest in the majors this season — and Damon Buford went 3-for-3 as Boston defeated visiting Montreal.

Athletics 12, Padres 10 Mike Blowers had a two-run single as Oakland scored four runs in the eighth to edge visiting San Diego and complete its first winning month in two seasons.

Tigers 3, Pirates 0 Brian Moehler pitched a five-hit shutout for his first road victory this season, and Detroit won in Pittsburgh for the first time since the 1909 World Series.

Blue Jays 6, Mets 3 Roger Clemens struck out a season-high 11, and Jose Canseco and Carlos Delgado hit consecutive homers to top New York in Toronto.

Clemens pitched a six-inning and walked one in his second complete game of the season and 11th of his 15-year career. Reds 6, Twins 3 Willie Greene hit a three-run homer as Cincinnati beat visiting Minnesota to win its fifth straight game — the Reds' longest winning streak in nearly a year.

Brewers 7, Devil Rays 2 Andres Galarraga homered in his first two at-bats at Tropicana Field after missing five games with a sore back, helping Atlanta to victory.

Arizona 17, White Sox 2 Jeff Bagwell

and Moises Alou each hit two homers at the Astrodome as Houston routed Chicago. The Astros matched a season high with 18 hits and scored their most runs since 1995.

Mariners 9, Orioles 5 Cliff Floyd drove in four runs as visiting Florida rallied from a five-run deficit to hand Baltimore its seventh straight loss.

Yankees 9, Phillies 2 David Cone (11-2) struck out 11 and pitched a five-hitter to become the third 11-game winner in the American League as New York triumphed over visiting Philadelphia.

Dodgers 4, Rangers 1 Darren Dreifort allowed three hits over eight innings and Adrian Beltre hit his first major-league homer for Los Angeles in Texas.

Dreifort retired the first 13 batters before Will Clark's double in the fifth. He struck out seven and walked none as the Dodgers won for the third time in four games.

Brewers 5, Indians 4 In Milwaukee, Cal Eldred beat Cleveland for the first time since 1992 and singled for the first two RBIs of his career. The Brewers won for the seventh time in eight games and improved to 8-4 in interleague play.

Angels 4, Giants 3 Garret Anderson's three-run homer highlighted a four-run sixth inning that lifted Anaheim over visiting San Francisco.

SCOREBOARD

BASEBALL

MAJOR LEAGUE STANDINGS

| AMERICAN LEAGUE | W | L | Pct. | GB |
|-----------------|----|-----|------|----|
| AL EAST | | | | |
| New York | 48 | 22 | .686 | 0 |
| Boston | 42 | 28 | .600 | 6 |
| Toronto | 42 | 28 | .600 | 6 |
| Baltimore | 37 | 33 | .528 | 11 |
| Tampa Bay | 34 | 47 | .420 | 24 |
| AL WEST | | | | |
| Cleveland | 52 | 24 | .686 | 0 |
| Minnesota | 48 | 28 | .630 | 4 |
| Kansas City | 42 | 34 | .556 | 10 |
| Chicago | 38 | 40 | .488 | 14 |
| Seattle | 31 | 47 | .397 | 21 |
| NATIONAL LEAGUE | | | | |
| NL EAST | | | | |
| Atlanta | 54 | 29 | .651 | 0 |
| New York | 48 | 35 | .577 | 6 |
| Philadelphia | 40 | 43 | .482 | 14 |
| Montreal | 33 | 48 | .407 | 21 |
| Pittsburgh | 29 | 53 | .354 | 24 |
| NL WEST | | | | |
| San Diego | 52 | 31 | .625 | 0 |
| San Francisco | 48 | 35 | .577 | 4 |
| Los Angeles | 42 | 41 | .512 | 10 |
| Colorado | 39 | 54 | .419 | 13 |
| ST. LOUIS | 48 | 35 | .577 | 0 |
| CHICAGO | 42 | 41 | .512 | 6 |
| DETROIT | 38 | 45 | .457 | 10 |
| PITTSBURGH | 34 | 49 | .410 | 14 |
| CLEVELAND | 31 | 52 | .375 | 17 |
| MINNESOTA | 29 | 54 | .349 | 19 |
| KANSAS CITY | 28 | 55 | .338 | 20 |
| INDIANAPOLIS | 27 | 56 | .329 | 21 |
| MEMPHIS | 26 | 57 | .315 | 22 |
| NEW ORLEANS | 25 | 58 | .303 | 23 |
| HOUSTON | 24 | 59 | .291 | 24 |
| TEXAS | 23 | 60 | .279 | 25 |
| OKLAHOMA CITY | 22 | 61 | .266 | 26 |
| ATLANTA | 21 | 62 | .254 | 27 |
| BRUNSWICK | 20 | 63 | .242 | 28 |
| CHARLOTTE | 19 | 64 | .230 | 29 |
| MEMPHIS | 18 | 65 | .218 | 30 |
| INDIANAPOLIS | 17 | 66 | .206 | 31 |
| NEW ORLEANS | 16 | 67 | .194 | 32 |
| HOUSTON | 15 | 68 | .182 | 33 |
| TEXAS | 14 | 69 | .170 | 34 |
| OKLAHOMA CITY | 13 | 70 | .158 | 35 |
| ATLANTA | 12 | 71 | .146 | 36 |
| BRUNSWICK | 11 | 72 | .134 | 37 |
| CHARLOTTE | 10 | 73 | .122 | 38 |
| MEMPHIS | 9 | 74 | .110 | 39 |
| INDIANAPOLIS | 8 | 75 | .098 | 40 |
| NEW ORLEANS | 7 | 76 | .086 | 41 |
| HOUSTON | 6 | 77 | .074 | 42 |
| TEXAS | 5 | 78 | .062 | 43 |
| OKLAHOMA CITY | 4 | 79 | .050 | 44 |
| ATLANTA | 3 | 80 | .038 | 45 |
| BRUNSWICK | 2 | 81 | .026 | 46 |
| CHARLOTTE | 1 | 82 | .014 | 47 |
| MEMPHIS | 0 | 83 | .002 | 48 |
| INDIANAPOLIS | 0 | 84 | .000 | 49 |
| NEW ORLEANS | 0 | 85 | .000 | 50 |
| HOUSTON | 0 | 86 | .000 | 51 |
| TEXAS | 0 | 87 | .000 | 52 |
| OKLAHOMA CITY | 0 | 88 | .000 | 53 |
| ATLANTA | 0 | 89 | .000 | 54 |
| BRUNSWICK | 0 | 90 | .000 | 55 |
| CHARLOTTE | 0 | 91 | .000 | 56 |
| MEMPHIS | 0 | 92 | .000 | 57 |
| INDIANAPOLIS | 0 | 93 | .000 | 58 |
| NEW ORLEANS | 0 | 94 | .000 | 59 |
| HOUSTON | 0 | 95 | .000 | 60 |
| TEXAS | 0 | 96 | .000 | 61 |
| OKLAHOMA CITY | 0 | 97 | .000 | 62 |
| ATLANTA | 0 | 98 | .000 | 63 |
| BRUNSWICK | 0 | 99 | .000 | 64 |
| CHARLOTTE | 0 | 100 | .000 | 65 |

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THURSDAY, JULY 2, 1998

Flight Path of Fast-Moving Star

Hard Choices Now Confront 18-Year-Old Owen, England's Hero

By Rob Hughes
International Herald Tribune

PARIS — Do you get the impression that the stars of soccer, ordinary though they may be beneath their national colors, move in a different way, at a different speed than the rest of us?

England's beaten squad flew home to London in time for tea on Wednesday

VANTAGE POINT

—by Concorde of course. It was a photo opportunity for the airline, a comfortable ride for the players and in terms of speed it represents the ultimate.

So, it seems, to the youngest passenger, Michael Owen, England's 18-year-old striker, made one goal against Argentina in Saint Etienne on Tuesday night with an artful fall for a penalty, then scored one of the most scintillating goals of this or any World Cup. In a vanquished team, he is a new hero. In a tournament of older — by sporting standards sometimes elderly — men, he is a baby.

Yet, around the soccer world there was an intake of breath on Tuesday when he was with the ball. Too swift was Owen for Jose Chamot. Too clever for Roberto Ayala. Too sharp with his right-foot shot for goalkeeper Carlos Roa.

Owen flew over the 40 meters with the speed of an Olympic sprinter. His young and therefore uninhibited dash brought fear and panic into the eyes of defenders who are seasoned Italian club players and have close to 40 international caps apiece. Astonishing that one

so young and so free could command such a stage.

It could be that Owen's impact on a World Cup is the biggest since Pele's in 1958. Not that Owen is a genius, like Diego Maradona, or yet a proven international, like Ronaldo who, for heaven's sake, is a veteran of 21. The impact is exaggerated because, outside of soccer's circles, Owen was little known.

Maradona, for example, was crying tears for Argentina when, in 1978, he was left on the sidelines. Four years later, having reached manhood in the eyes of the national coach, Maradona was thrust into the World Cup in Spain. He betrayed his excitable state, being red carded for a retaliatory kick.

This Tuesday, an Englishman fell for the same petulant reaction. David Beckham, talented but temperamental, was sent off a minute after half time for a sly (or so he thought) kick.

To say it was foolish understates the act. Beckham had been fouled from behind by Diego Simeone but had been awarded a foul. Indeed referee Kim Nielsen, a Dane who was rather impressive until FIFA's latest authoritarian statements appeared to afflict his judgment, was already showing the yellow card to Simeone when Beckham, flat out of the ground, flicked his boot at Simeone's calf.

Nielsen, who earlier gave dubious penalties, had no option but to send off England's Spice Boy. The red card, and the depletion of England to 10 men against 11, destroyed what had been a dramatically poised match. The score stood at 2-2 when Beckham betrayed his

countrymen. His apology Wednesday came too late, for even though England was heroic, especially the warriors Paul Ince and Sol Campbell, it was heroism under siege.

Argentina could not break the English resolve but — a familiar tale this to England — won the dreaded penalty shoot-out. Not for the first, nor the second, but for the third time England went out of a major tournament because unprepared players could not calm their nerve and hit the net from 12 yards.

As Beckham became the subject of television psychoanalysts, as he paid his \$2,000 FIFA fine and flew on with the Concorde, following his celebrity girlfriend Posh Spice to New York, he was forgotten around Heathrow Airport. The kids, and the grownups, who gathered to greet the England players as if they were returning from the Falklands, were flocking to Michael.

Young Owen was coming home, and home is a stable base for a young man who, not yet of Beckham's multimillionaire status, not yet distracted by a girl in high places, has the world before him. Agents will flock to his door, will try to lure him from Liverpool, where he has had one spectacular scoring season and six years' steady tuition.

But home is not the soccer club. Owen is the son of Terry Owen who, at 17, began a precocious professional career of his own, at nearby Everton. Owen Senior pestered out into lower league soccer.

Terry Owen can keep Michael's feet on the ground. He can advise the teenager against the temptations now surely heading their way because all clubs



Michael Owen preparing to finish off his dazzling run with a goal against the Argentine goalie, Carlos Roa.

everywhere, will have seen the astonishing quickness that makes defenders tremble, and seen too the artful way the youngest player in the tournament hoodwinked an experienced referee to gain a penalty.

They may not be aware that, already, Owen has two red cards on his record,

for a petulant head-butt and a spiteful foul. What happened to Beckham might serve as a lesson to Owen; what happened to his father's career should also register.

Those he trusts will be wrestling with the dilemma of cashing in on instant fame, taking the money and building the

bank account while he is fit and fresh. Or resisting the distractions and settling down to home cooking and going back to his Liverpool finishing school. Fame, for the sporting wunderkind, cuts all ways.

Rob Hughes is Sports Correspondent of The Times of London.

In a Long Night of Epic Exploits, an Abundance of Heartbreak and Elation

English Fans Are Once More Shattered by Defeat

By Jennifer Frey
and Anne Swardson
Washington Post Service

The St. George cross painted on Shawn O'Keefe's face was streaked and smeared, wiped partially off on his friend's white dress shirt and on the back of his own right hand, and distorted by a stream of his sweat and tears.

"I don't know why it has to happen every time, every time," O'Keefe said, standing outside a pub in Piccadilly Circus in London. "It seems it is our lot in life."

Devastated English fans poured out of pubs and restaurants and homes and into the streets of London late Tuesday, their faith shattered once again by a dramatic World Cup loss by their beloved national soccer team. Representing the nation that invented the sport but has won its greatest prize — the World Cup — only once, the English team played Argentina to a 2-2 draw through 90 minutes of regulation and 30 minutes of sudden-death

overtime before losing, 4-3, in a penalty-kick shoot-out in Saint-Etienne, France.

The players "have given everything for their country," said England's coach, Glenn Hoddle, whose team had played with 10 men to Argentina's 11 after the midfielder David Beckham was ejected two minutes into the second half. "They should be very proud of their performance."

In the stands, the previously raucous English fans grew quiet as the minutes passed and the English players kept pushing the ball down to the Argentina goal, nearly scoring on several occasions.

After the game, the English fans slipped away, but the Argentines stayed in the stadium, singing, chanting and waving banners. Riot policemen stood about at ease, as a few hangers-on lingered. The police said there were 19 arrests before the game and 21 after, for such offenses as public drunkenness, picking pockets and throwing bottles.

Earlier in the afternoon, the ambulance in Saint-Etienne was far warmer than that preceding England's last game, in Lens. There, a 24-hour alcohol ban covered the entire region — and many English fans sat glumly on curbs all afternoon with nothing to do and nothing to drink.

The center of Saint-Etienne, a city of 450,000, throbbled with activity. There was a rock concert in one of the central squares, and all around it stands sold sandwiches, ice cream and, as signs proclaimed in English, "Fresh Beer." The prefect of the region, Jean-Yves Audoin, said he had decided not to impose an all-day alcohol ban because the police would waste too much time enforcing it. Instead, bars were ordered to close immediately after the game and a reinforced contingent of 1,500 policemen was on hand.

In the Glassblower, a pub near Piccadilly Circus in London, the Argentine goalkeeper Carlos Roa's decisive save on David Batty's penalty shot — England's fifth, and final, one of the tie-breaker —



A young fan displaying his allegiance before the match.

seemed to suck the air out of the barroom, which was packed with patrons craning to watch two television sets. "The nation has been

brought to its knees again," Terry Fenwick, a member of England's 1986 Cup team, said in a television interview. "It seems as if we're jinxed."

Joy Fills the Streets of Soccer-Mad Buenos Aires

By Anthony Faiola
Washington Post Service

BUENOS AIRES — It's 4 P.M. in the world's 10th-largest metropolis — a time when this city of 14 million is usually crazed with activity — but on this day someone might as well have hung up a sign that said: "Closed for the World Cup. Be back in two hours."

As the Argentine team edged its way to victory on Tuesday, time essentially stopped, turning this teeming capital into a ghost town. The nation became one with its televisions and radios, glued to a soccer game in France, half a world away. Surgery in hospitals was postponed. Businesses did no business. Legislators locked themselves in their offices. Departures at the international airport were delayed. The rapid tango of the Buenos Aires Stock Exchange ground to a halt.

Then, the floodgates opened with a word: "Goosaaaal!" Argentina had just triumphed in its latest war with England, this time on the soccer field, and Buenos Aires collectively erupted in a startling break of calm. Screams and shouts of joy echoed down its grand boulevards as perfect strangers ran into the streets and danced together, many with faces painted with the colors of the Argentine flag. Confetti fell from every office building. High-level executives and shoeshine men blew plastic trumpets in unison.

"It's a feeling that's like the day I got married, the day my children were born and the day I first had sex all rolled into one!" said

Alberto Berrucci, 54, a cellular-phone salesman celebrating around the Argentine Obelisk in central Buenos Aires, where thousands of fans congregated after England's defeat.

The fervor in Argentina reflects a planet gone mad with World Cup fever. More Britons watched England lose to Argentina in a penalty shoot-out on Tuesday night than saw Prince Charles marry Lady Diana in 1981. The Parliament in the Republic of Georgia broke off debate to watch the opening match, when Brazil beat Scotland, 2-1. In Chile, television sales soared 20 percent during the World Cup, and President Eduardo Frei gave a nationally broadcast speech dedicated to the national team, which had advanced to the second round for first time in 36 years.

For developing nations — and especially those in Latin America — these are times of overwhelming national pride. Argentina saw its victory over England as some level of retribution for the defeat the country suffered in the 1982 Falklands War. Colombia, Mexico and Paraguay have put in respectable Cup performances. Flag sales in Argentina have shot up 300 percent since the World Cup.

The World Cup "is the only thing we have that unites all the classes," said Laura Cova, who is now selling fabric the color of the sky-blue Argentine flag in a huge roll outside her hat store.

"It doesn't matter if you're rich or poor. Everyone is together, everyone has pride in the nation in a way that politics has never united us here."

ENGLAND: Flair and Flops Mark a Match Heavy With History

Continued from Page 1

of Maradona and permitted the goal that beat England in a quarterfinal. This time, Nielsen, under orders to keep law and order, waved a red card, tossing Beckham out of the game. A yellow warning card would have more than sufficed.

The display of authority meant England would play virtually one hour and 15 minutes a man short. It also meant that Owen's wonderful darts and dashes were finished, because he had to stay home and help on defense.

The two teams wobbled to a 2-2 tie and then they indulged in the only humane

tie-breaker known to man, the penalty-kick shoot-out, as haphazard as buying a lottery ticket.

The English fans went out defeated into the dewy mountain night, outside the walls and gates, where phalanxes of police and dogs and horses and chemical sprays awaited any larger louts who crossed the line.

There was a history to this game, this rivalry, this resentment, this "vendetta," that word that Hoddle hates. This was not just some random soccer pairing, some Denmark-Nigeria game. This was a reverberation of the nasty little episode in 1982 called the Falklands War by the British and the Malvinas War by the Argentines.

Then there came a World Cup encounter, on June 22, 1986, in Mexico City, when Maradona punched in one goal with his hand and scored a second with a glorious hipper-dipper run through six or seven British defenders. Gary Lineker later scored for England, but Argentina would go on to win the World Cup.

Argentine fans still

chanted, "Argentina without Maradona is like a dance without women," but his drug- and scandal-addled career is over. "We want to be original," said Daniel Passarella, the Argentine coach, who was a teammate of Maradona's in 1986. "We won't do a Maradona. We'll do our best to practice fair play."

The English coach also was on the field that day in 1986. "It was an even game until Maradona scored with a hand ball," Hoddle recalled this week. "Without that, Argentina would not have won. Sure, the second goal by Maradona was extraordinary, but he never would have scored that killer goal if the score had been 0-0."

Hoddle also recalled how he and Maradona happened to be called in for the random drug testing after the game. "We didn't talk, as I remember, but we shook hands," he said. "I remember standing next to me was Terry Butcher, and he was in another state."

Butcher had wanted to strangle Maradona, in fact, but somehow refrained.

"It took me two or three days before I could find any serenity," Hoddle said. "I was on vacation when Argentina played Germany in the finals. I saw the game at the beach, with 11 Germans, and I don't have to tell you who I rooted for."

Hoddle will have to watch the World Cup on the tube again this year, thinking about the bit of mutual foolishness that took Michael Owen and England out of another World Cup.

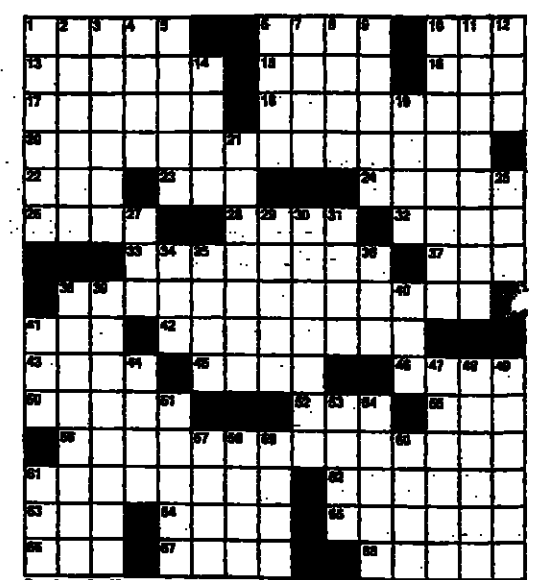
A Red-Card Record
Beckham was the 17th player to be sent off at the 1998 tournament, a record for World Cup finals. Reuters reported from Paris.

Alan Shearer's penalty for England was the 147th goal of the tournament, setting a World Cup finals record; 146 goals were scored in 1982.

The penalty shoot-out was the 12th in World Cup finals and the fifth between South American and European teams. Since France beat Brazil in the first decider in 1986, the South Americans have always won.

CROSSWORD

- ACROSS**
- 1 "The Balcony" playwright
 - 6 Cries of aversion
 - 10 One of the finest
 - 13 Assassination
 - 15 Santa's coat?
 - 16 Llac or lacmon, e.g.
 - 17 Kipling's "The" of the "Species"
 - 18 One available in Avila
 - 20 Hero of many old time novels
 - 22 Tiddan of hockey
 - 23 — Miguel
 - 24 Kind of days
 - 25 "Spartacus" setting
 - 26 Societe
 - 28 Japanese soup
 - 30 Poe classic
 - 31 Schedule letters
 - 32 Make cry
 - 41 J.F.K.'s U.N. ambassador
 - 42 Shepherd, of a sort
 - 43 Shelter grp.
 - 45 Racketeer's org.?
 - 46 John Paul, e.g., to the Italians
 - 50 Reeves of "Chain Reaction"
 - 62 One that brings in the bucks?
 - 65 Dystopian 1920 play
 - 66 N.B.A. All-Star
 - 67 Light home-drawn carriage
 - 68 High hat
 - 69 43-Across offering
 - 64 Like many orgs.
 - 66 Prickly plant
 - 68 "What — you saying?"
 - 67 One of the Durbeyfields
 - 69 Brace, with "up"
 - 12 Shell game item
 - 14 Champagne Tony of golf
 - 16 Stationer's order
 - 21 Menu heading
 - 23 1950 film noir thriller
 - 27 Schedule board abbr.
 - 29 Bother badly
 - 30 Popular salad ingredient
 - 31 Dickens's — Pecksniff
 - 34 March syllable
 - 35 Tenth
 - 36 Part of an extended name
 - 38 Twice-convicted felon
 - 39 Snowball
 - 40 Artist in the Circle of Carré group
 - 41 "Don't —"
 - 44 Prolific poet?
 - 47 Songlike
 - 48 Boat propeller, of a sort
 - 49 Like some socks
 - 51 Missed, as a target
 - 52 Depose
 - 54 Cousins of ospreys
 - 57 Belt
 - 58 Gets off the fence, so to speak
 - 59 Scream diner
 - 60 Ham's father
 - 61 Place for sweaters



Puzzle by Pat M. Hagan

Solution to Puzzle of July 1

PSST SPAR AMES
REPO SHORE LESS
EVAN MISSPRINTS
FER OIES SANTA
ARKWEDER WERTIA
BALUNE ALP ORO
LETS SAGE ALSO
TENSPEED
SPRY COPY RAIN
ORO OOO SUNDAY
COMIC PENNPOINT
BANTU WAIT AKU
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WORLD CUP

WORLD CUP BRIEFS

Adidas Cancels Chinese Orders

Adidas, the company that makes soccer balls for the World Cup, said Wednesday it was canceling all orders for balls from China after a report linked production with prison labor. The newspaper report Tuesday had cited an official at the Dazhong Agricultural Machinery Factory, which is attached to a labor camp near Shanghai, as saying that the firm has made balls for Shanghai Union Ball Enterprise Corp.

The balls are not those used in the World Cup but are cheaper copies for general sale. (AP)

Fan Douses Sacred Flame

French and Mexican officials held a ceremony Wednesday to re-light the eternal flame after a Mexican soccer fan extinguished it in what authorities called an "unspeakable act."

Police said Rodrigo Rafael Ortega, 24, described as a soccer fan, was detained overnight after pouring a glass of unspecified liquid on to the flame.

He was arrested for offending the dead and being drunk in public but was released on Wednesday without charges.

"This has been an attack on the memory of those who died for France, and their honor," the statement said.

The flame has been burning since 1921 over a grave containing the remains of an unnamed French soldier who died in World War I. (AP/Reuters)

FIFA's Smokescreen

FIFA, the governing body of world soccer, said Wednesday it had asked coaches at the World Cup not to smoke on the bench.

"We have done all we could to try to get the coaches not to smoke, or at least not to smoke when the TV cameras are on them," said Keith Cooper, a FIFA spokesman. "But it's the freedom of the individual. The stadiums are not a nonsmoking area. We can't send the gendarmes in on them."

On Tuesday night, as Argentina beat England in a penalty shoot-out, Daniel Passarella, the Argentine coach, ran toward the field with a cigarette in hand.

Cooper said that if FIFA could not get the coaches to quit, it at least wanted to try to protect soccer's image. He said FIFA had asked TV directors to try to avoid camera shots of coaches smoking. (AP)



French coach Aimé Jacquet directing training Wednesday.

Europe Once More Dominates the Final 8

By Christopher Clarey
International Herald Tribune

PARIS — The world's finest teams have played 56 soccer matches over three weeks. Their players have scored with feet, knees, heads, chests, shoulders, and in the unfortunate case of goalkeeper Andoni Zubizarreta of Spain, with a hand into his own goal.

The games and heroics have kept fans up late in Asia and got them up early in South America. But after all the excitement, this quadrennial flurry of activity has done little to change the balance of power.

The teams that have had the most success in this competition — Brazil, Germany, Italy and Argentina — are all among the final eight. So is the host, France, and three other teams from Europe — the Netherlands, Croatia and Denmark. The old world remains at the center of the soccer universe.

Even if a South American team wins a World Cup on European soil for the first time since Brazil in 1958, it bears remembering that the contemporary South American stars spend more time in this climate and time zone than they do in their own. All 11 of the Argentines who started against England play for European clubs. Of the 11 Brazilians who started against Chile, seven work for European employers. Ronaldo has seen a lot more of Eindhoven, Barcelona and Milan in the last four years than Rio de Janeiro.

The phenomenon is not new: Argentine coach Daniel Passarella, to cite one example, played on this continent, but the Europeanization of soccer has been gathering speed.

True, Brazilian captain Dunga plays in Japan, but he is 34 and on the verge of retiring from the national team. True, Brazilian midfielder Denilson played for Sao Paulo last season but he already has been sold for a record sum to Real Betis in Seville, Spain. True, Eric Wynalda, Cobi Jones and Eddie Pope all play in the United States, but then that is one of the reasons it lost all its games.

The best Africans play in Europe, and increasingly they are also educated and trained in Europe. Many were expecting what the French term "mountains and marvels" from Nigeria, but the World Cup is also an administrative exercise, and multiple coaching changes, financial squabbles, intramural bickering and political pressure could not have helped Nigeria, which lost to Denmark in the second round.

Of the African teams, Morocco, which had both coaching continuity and



Dennis Bergkamp, the Dutch striker, practicing Wednesday for the quarterfinal Saturday against Argentina.

means at its disposal, came closest to fulfilling its potential in France.

But that is last month's news. And if there have been disappointingly few surprises, that only makes these largely predictable quarterfinal matchups more enticing.

France vs. Italy, Friday, 4:30 P.M. Italian coach Cesare Maldini jokingly called this a match between two Italian teams. Eleven of the 22 French have played or still playing the Italian first division.

The most prominent is Zinedine Zidane, the playmaker for Juventus of Turin who missed France's last two games because of a red card but will be back in the lineup. But Thierry Henry, the speedy striker is hurt and probably won't start.

Italy has a formidable attack with the relentlessly opportunistic Christian Vieri and either Alessandro Del Piero or Roberto Baggio. They are backed by a fine defense that after a shaky start against Chile has begun to look very

Italian. The French defense, led by Lilian Thuram and Marcel Desailly, is arguably even better.

Brazil vs. Denmark, Friday, 9 P.M. There has been considerable hand-wringing over the state of Ronaldo's left knee and waistline. The fact that he missed practice on Tuesday launched a thousand headlines at home, but Ronaldo, who suffers from recurring tendinitis in the knee, said it would have no effect on his Friday.

The Danes have got this far for the first because they capitalized on defensive errors from Nigeria and put their experience to good use: the Danish team's average age of 29 is second only to the Germans. Veteran goalkeeper Peter Schmeichel should get ample opportunity to display his talents against Brazil.

Netherlands vs. Argentina, Saturday, 4:30 P.M. Potentially the most spectacular of the quarterfinals. Argentina beat the Dutch in the 1978 final in Buenos Aires. They have not played again in a

World Cup until now. Both teams have multiple strengths and world-class strikers: Gabriel Batistuta for Argentina and Dennis Bergkamp for the Netherlands. Bergkamp is more versatile: a player capable of creating his own chances while Batistuta is more adept at seizing those presented to him. While the Argentines rely on a playmaker, Ariel Ortega, who was brilliant against the English, the Dutch have a less predictable attacking flow.

Germany vs. Croatia, Saturday, 9 P.M. These are the first World Cup finals for Croatia, but this is already a rivalry because Germany beat the Croats 2-1 in the quarterfinals of the 1996 European Championships. The Germans went on to win the title and have shown the same form they showed there: playing strongly in the second half.

In defense, goalkeeper Andreas Köpcke also has looked shaky, but the oldest man on the oldest team, 37-year-old Lothar Matthäus, has been a rock.

The Cheers for Brazil's Bebeto Have Turned to Boos

The Associated Press
OZOR-LA-FERRIERE, France — Barely 20 minutes into the game, the boos began drifting down from the stands. The target was the same as always: Bebeto.

Nothing he did seemed to please the fans. Ronaldo's pass was off the mark? Bebeto was out of position. A tough ball in traffic? Bebeto blew it again. The crowd chanted for Denilson, Edmundo — anybody, it seemed, except Bebeto.

Four years after he teamed up with Romário to lead Brazil to a fourth World Cup title, Bebeto's prestige has sunk to a low ebb. His critics say he's too old, too slow and undeserving of a starting spot on the Brazilian attack.

Coach Mario Zagallo doesn't agree. Bebeto does everything we ask of him, he says. In fact, Zagallo cites Bebeto as an example for the often-static Ronaldo.

"Bebeto at 34 moves like nobody else," Zagallo said. "But no one seems to see this."

After every game, reporters ask Zagallo if he plans to bench Bebeto and start Denilson. The answer each time is no.

But against Chile, Zagallo pulled Bebeto early in the second half and sent in Denilson. Afterward, the coach said he preferred Bebeto's play in the second half, even though the team scored three of its four goals in the opening period.

Outside the locker room, Bebeto didn't hide his frustration.

"I just don't understand. The others make bad passes, but the fans is always mine," he said. "I'll take the first period a thousand times if we score three goals." Chief among the "others" is Ronaldo, and the lack of rapport between the two is one of Bebeto's prob-

lems. Ronaldo, twice the world Player of the Year, has a guaranteed spot in the lineup, so it's his partner — whoever he may be — who must adjust.

The two got off to a bad start at the 1996 Olympics, when Brazil played poorly and finished third. Bebeto complained that Ronaldo hogged the ball, while Ronaldo sniped that the team lacked leadership.

Although they made up at training camp, Ronaldo has said his preferred linemate was Romário, dropped from the squad with a calf injury on the eve of the Cup.

Bebeto also clashed with Dunga. The team captain complained that Bebeto was slow setting up to defend a free kick, Bebeto answered back, and Leonardo had to step between the two to avert a physical confrontation.

Still, it's true that Bebeto is a step

slower than in '94. He rarely makes the whirlwind charges of four years ago, or floats backward for the volleyed shot that was his trademark. He is a not in any case a flamboyant player.

Instead, he plays for the team. His passing is still sharp, and he roams the field tirelessly to shake his defender and open spaces for teammates. He even was Brazil's top scorer in the first round with two goals.

In his third and final Cup, Bebeto isn't ready to quit.

"I'm 34, but with the head and the body of a kid," said Bebeto, who was world champion for Brazil's 1983 junior team when Ronaldo was still in kindergarten.

The booing hurts more because it's unfair, he said. "I'm a world champion," he said. "I don't have to prove anything to anyone."

World Cup Results And Goal Scorers

SECOND ROUND

JUNE 27, IN ST. DENIS
Brazil 4, Chile 1
Brazil — Cesar Sampaio 11, 27, Ronaldo 45 pen.
Chile — Marcelo Salas 68.
JUNE 27, IN MARSEILLE
Italy 1, Norway 0
Italy — Christian Vieri 18.
JUNE 28, IN LIONS
France 1, Paraguay 0
France — Laurent Blanc 113.
JUNE 28, IN ST. DENIS
Denmark 4, Nigeria 1
Denmark — Peter Møller 3, Brian Laudrup 12, Ebbe Sand 68, Thomas Heberg 76.
Nigeria — Tobi Oluwalade 78.
JUNE 29, IN MONTPELLIER
Germany 2, Mexico 1
Germany — Jürgen Klinsmann 75, Oliver Bierhoff 88.
Mexico — Luis Hernandez 47.
JUNE 29, IN TOULOUSE
Netherlands 2, Yugoslavia 1
Netherlands — Dennis Bergkamp 38, Edgar Davids 91.
Yugoslavia — Slobodan Komljenovic 48.
JUNE 30, IN BORDEAUX
Croatia 1, Romania 0
Davor Suker 45 pen.
JUNE 30, IN ST. ETIENNE
Argentina 2, England 2
Argentina won 4-3 penalty shoot-out.
Argentina — Gabriel Batistuta 4 pen, Javier Zanetti 45.
England — Alan Shearer 10 pen, Michael Owen 16.

QUARTERFINALS

JULY 3, IN MONTPELLIER
A—Brazil vs. Denmark
B—Italy vs. France
JULY 4, IN MARSEILLE
C—Netherlands vs. Argentina
D—Germany vs. Croatia

SEMIFINALS

JULY 7, IN MARSEILLE
Winner A vs. Winner C
JULY 8, IN ST. DENIS
Winner B vs. Winner D

THIRD PLACE

JULY 11, IN MONTPELLIER
Losing semifinalists

FINAL

JULY 12, IN ST. DENIS

When matches are drawn after 90 minutes, teams start to play two 15-minute periods of extra time. Play now stops immediately when one team scores in extra-time — a "golden goal" for the winner, sudden death for the loser. If no goal is scored in the 30 minutes, the match is decided by a penalty shoot-out.

GOAL SCORERS

World Cup scores after Tuesday matches (penalties in parentheses):

5 goals: Gabriel Batistuta (2), Argentina; Christian Vieri, Italy.
4 goals: Marcelo Salas, Chile; Luis Hernandez, Mexico.

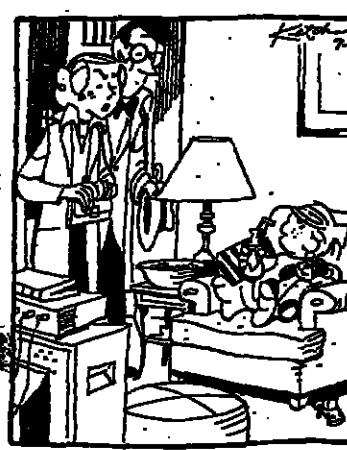
3 goals: Cesar Sampaio, Romania (1), Brazil; Davor Suker (1), Croatia; Thierry Henry, France; Oliver Bierhoff, Jürgen Klinsmann, Germany.

2 goals: Ariel Ortega, Argentina; Marc Wilmots, Belgium; Bebeto, Brazil; Michael Owen, Alan Shearer (1), England; Roberto Gargallo (1), Italy; Theodoros Papatheodorou, Greece; Slobodan Komljenovic, Yugoslavia; Sander Bergh, Netherlands; Patrick Kluwe, Poland; Zinedine Zidane, France; Edgar Davids, Dennis Bergkamp, Phillip Cocu, Ronald de Boer, Netherlands; Vlado Vukobratovic, Romania; Kiki Mavric, Fernando Hierro (1), Fernando Redondo, Spain; Steven Gerrard (1), South Africa; Slobodan Komljenovic, Yugoslavia.

1 goal: Hechir Piedra, Javier Zanetti, Argentina; Andreas Hering (1), Austria; Poljanec, Peter Vucelja, Austria; Luc Wille, Belgium; Radek, Brazil; Emil Kostadinov, Bulgaria; Patrick Nkanga, France; Njagala, Cameroon; Jose Sampaio, Chile; László Puskás, Colombia; Robert Prosinecki, Croatia; Thomas Heberg, Brian Laudrup, Michael Laudrup (1), Peter Møller, Allan Nielsen, Marc Heuser, Ebbe Sand, Denmark; Dariusz Andruszek, Daniel Mackinnon, Paul Scholes, England; Laurent Blanc, Christophe Deryn, Yossi Dvir, Israel; Blaise Natcho, Emmanuel Pelly, David Tresselt, France; Andreas Möller, Germany; Luigi Di Biagio, Italy; Hamid Ezzif, Michel Hakelberg, Iran; Radek, Serbia; Jundovic, Miroslav Klose, Japan; Comaneci, Romania; Alberto Garcia Aspe (1), Mexico; Marcello Biagi, Morocco; Edgar Davids, Marc Overmars, Pierre van Hooijdonk, Netherlands; Miroslav Klose, Tigran Bakhshyan, Victor Ipatov, Garbi Land, Sunday Okech, Wilson Oruma, Nigeria; Dan Eggen, Norway; Flo Tve, Andre Flo, Rudi Ballin (1), Norway; Celso Ayala, Miguel Benítez, Juan Carlos Paraguri, Adrián Lima, Don Pedros, Romania; Sam al-Jaber (1), Youssef al-Tayyar (1), Saudi Arabia; Craig Bryner, John Collins (1), Scotland; Brian McCarty, South Africa; Hechir Piedra, Yusef Samsud-Din, South Korea; Luis Enrique, Raul Gonzalez, Spilios Stamatopoulos (1), Turkey; Brian McGrath, United States; Slobodan Komljenovic, Przemyslaw Mlynarczyk, Slovakia; Yugoslavia.

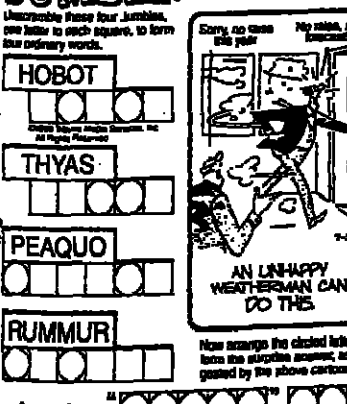
Own goals: Slobodan Komljenovic, Yugoslavia; Tony Kaye, Scotland; Youssef Chippo, Morocco; Pierre Kame, South Africa.

DENNIS THE MENACE



"THE GUY SAID, 'MONEY ISN'T THAT IMPORTANT,' AND LEFT."

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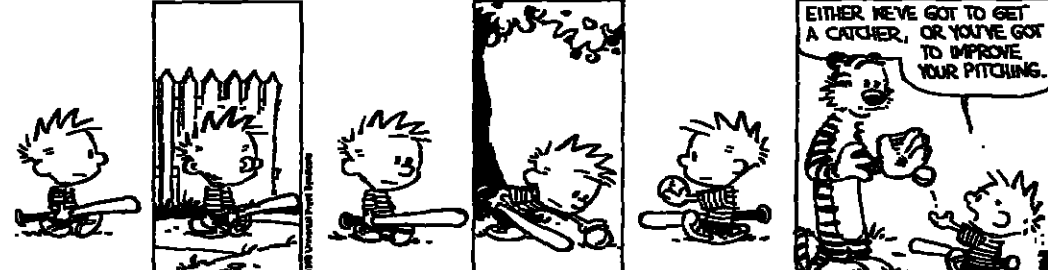
BEETLE BAILEY



BLONDIE



CALVIN AND HOBBS



WIZARD of ID



NON SEQUITUR



DOONESBURY



ART BUCHWALD

The Whole Truth

WASHINGTON—Many people are wondering why Ken Starr has to keep calling back the same witnesses time and time again. Here is what is going on based on grand jury transcripts leaked to me by a source who shall remain nameless, even if I have to go to jail to protect him.

"Mr. Stew Grubman, could you please tell us if you ever saw the president and Monica Lewinsky alone in the White House?"

"No, I did not."

"Thank you, we will call you back."

□

Three weeks later.

"Good morning, Mr. Grubman. Would you be kind enough to respond to this question: Did you ever see the president and Monica Lewinsky alone in the White House?"

"Yes."

"Come back next Thursday."

□

The following Thursday, Stew Grubman opens by reading a statement.

"I have been asked the same question over and over again. I respectfully request that the prosecutor ask me some other questions because I'm getting very bored."

"All right. Let me ask a hypothetical one. If you were in the Oval Office, and the president was in the Oval Office, and Monica Lewinsky was taking dictation—would you then have seen the two of them together?"

"Yes, but I wasn't and they weren't."

"Thank you, please come back next Monday."

□

"And that is your answer in spite of evidence to the contrary?"

"What evidence?"

"We can't tell you that, as these grand jury hearings are secret."

"Would you like to know the names of the books I have bought during the last year?"

"We know the names of the books. You may go, but please return in a month."

□

One month later.

"Mr. Grubman, the job of the special prosecutor is to dig for justice until he finds it—to spare no one, regardless of political party. Our job is to make sure everyone goes to jail if he or she does not cooperate with our office. Therefore, I would like to ask you the following question: Did you ever see the president and Monica Lewinsky alone together in the White House?"

"No, I didn't."

"You realize we can refuse to allow you to park near the courthouse?"

"Yes."

"Come back next Thursday."

□

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"All right. Let me ask a hypothetical one. If you were in the Oval Office, and the president was in the Oval Office, and Monica Lewinsky was taking dictation—would you then have seen the two of them together?"

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"And that is your answer in spite of evidence to the contrary?"

Faith and Science: Is There Common Ground?

By George Johnson
New York Times Service

NEW YORK—Ever since science began drifting away from religion, centuries ago, each has dreamed of subsuming the other. Scientists, in their boldest moments, speak of explaining away all the mysteries by empirical inquiry, leaving no need for ancient wisdom.

And the faithful, fervently believing in spiritual forces unmeasurable by any meter, have longed for a reality beyond the shadow play of the material realm.

Left between these extremes are many people who are both scientific and religious, and confused about whether a bridge can ever cross the divide. Every few decades, this hope for reconciliation experiences a revival.

The most recent may be the biggest, with books, conferences and television shows trying to find a common ground between two fundamentally different ways of thinking.

In the 1970s scholars tried to merge science with Eastern religion; the emphasis now is on rejoining science with monotheistic, usually Christian, faith.

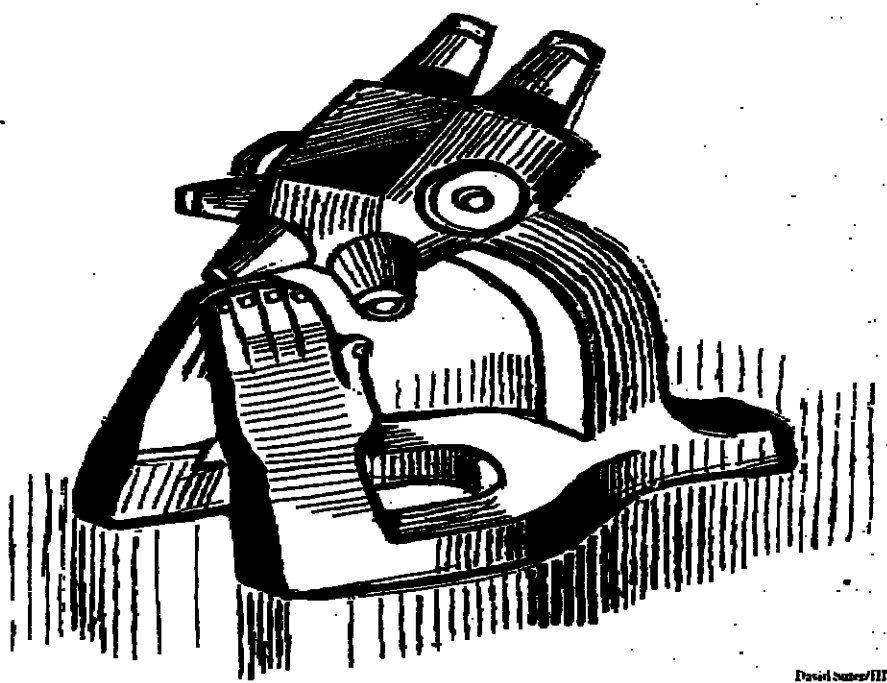
Not all the work is motivated by religious passion. In his book, "Consilience," the Harvard biologist Edward Wilson tries to revive the Enlightenment dream of a unified system of knowledge that would embrace not only the sciences but also morality and ethics, removing them from the uncertainties of religion. His effort is not to make science spiritual but to make religion scientific.

But most of the longing for reconciliation comes from the religious side. With a \$3 million grant from the John Templeton Foundation, which is fueling much of the metaphysics boom, a modest newsletter on science and religion was reborn this year as a glossy magazine called *Science & Spirit*.

"We see a growing number of individuals looking toward religion to explain what science cannot, and asking science to validate religious teachings," said Kevin Sharpe, the publisher.

This fall, PBS television will broadcast "Faith and Reason," a documentary partly financed with \$190,000 from the Templeton Foundation, featuring interviews with scientists about God.

One of the most conspicuous events was the heavily promoted conference called "Science and the Spiritual Quest," held last month in Berkeley, California, by the Center for Theology and the Natural Sciences. The



Templeton Foundation gave the center \$1.4 million for the conference.

For four days scientists testified about their efforts to resolve personal conflicts over science and religion. All seemed to share the conviction that this is a purposeful universe, that there is a reason to be here.

"Theology is not some airy-fairy form of metaphysical speculation," said John Polkinghorne, a Cambridge University particle physicist turned Anglican priest. Like science, he said, religion is rooted in encounters with reality—though in the latter case encounters include spiritual revelations whose truths lie in the realm of the subjective. The question was whether this kind of experience could ever be studied scientifically.

But for many scientists, the point of the scientific enterprise is to replace religious teachings with verifiable theories. "We're working on building up a complete picture of the universe, which, if we succeed, will be a complete understanding of the universe and everything that's in it," Richard Dawkins, a University of Oxford biologist, said in a preview copy of "Faith and Reason."

Others have found that their search for

objective truth has led them to questions that science cannot answer. "The most amazing thing to me is existence itself," said the cosmologist Allan Sandage at the Berkeley conference. "Why is there something instead of nothing?"

Science, like religion, is ultimately built on a platform of beliefs and assumptions. No one can prove that the universe is mathematical or that the same laws that seem to hold in the here and now can be applied to the distant quasars or to the first moments of time. These are among the tenets of the faith, marking the point at which reasoning can begin.

It is not just the approaching millennium that is inspiring hopes for what would be the greatest unified theory. Faced with science's undeniable success in modeling the world, people find it harder to accept religious teachings that cannot be verified.

Many Christians were disturbed when radiocarbon dating suggested that the Shroud of Turin was not Jesus's burial cloth but a medieval forgery, and they hope that new scientific data will overturn the old research. Even the creationists realized long ago that they can't simply assert that their beliefs are

true because they are written in the Bible. They proffer scientific proof that the universe was created as described in Genesis.

Science, too, is feeling its limits, leaving a vacuum that religion is happy to rush into. Neuroscientists can explain the brain as networks of communicating cells. But it is hard to imagine a satisfying theory of the conscious experience—what it is like to be alive.

And no amount of theorizing is apt to converge on a persuasive explanation of where the mathematical laws are written or what happened before the Big Bang.

For all the genuine philosophical longings, the recent drive to put God back in science would not be nearly so intense without the millions of Templeton dollars looking for places to land. "We are searching for a serious rapprochement between science and religion," Charles Harper, the executive director and vice president of the Templeton Foundation, said at the conference.

The money and the inspiration come from the investor John Marks Templeton, founder of the Templeton Growth Fund and other ventures, who retired in 1992 to work full-time on his philanthropy.

The Center for Theology and the Natural Sciences in Berkeley is receiving \$12.6 million from Templeton to help develop science and religion programs at universities. The American Association for the Advancement of Science received \$1.3 million "to help establish a science and religion dialogue."

But judging from the conference, no amount of money is likely to succeed in blending the two into a common pursuit.

Many of the speakers avoided grappling with religion directly, content to ponder mysteries that have disturbed scientists for decades. The Stanford University cosmologist, Andrei Linde, speculated on the possibility that consciousness, the hallmark of humanity, could be an intrinsic part of the universe. Our subjective experience, he said, is the only thing each of us is really sure of.

The astrophysicist John Barrow of the University of Sussex spoke of the cosmological coincidences that make life possible. If certain physical constants had slightly different values, stars would not have formed to cook up the atoms that made the biological molecules.

Some of the speakers seemed to believe science and religion must inevitably go their separate ways. "I don't go to a biology book to learn how to live," said Sandage. "I don't go to the Bible to learn about science."

France to Buy American Center

New York Times Service

PARIS—When the new American Center here was inaugurated by Hillary Rodham Clinton in June 1994, the \$41 million building designed by Frank Gehry looked set to become a hothouse of American artistic creativity. Instead, barely 19 months later, the center suspended its activities for lack of funds and its only remaining asset, its ultramodern headquarters in eastern Paris, was put up for sale.

The American Center as such survived as a legal entity, but it could do nothing until it had sold the Gehry building, which stood empty for the best part of 30 months.

On Tuesday, the search for a buyer ended when the Culture Ministry said it planned to acquire the building and turn it into a Maison du Cinema, housing a film library and theaters.

If the deal becomes final in the coming weeks, as expected, it will conclude the most painful and embarrassing chapter in the center's 67-year history and the beginning of a

new era in which the revenues from the sale will be used to create a fund to promote American culture. But no longer will there be a physical location where American and French students and artists can gather.

The American Center can now prepare to continue its "mission of supporting cultural, educational and artistic activities," its chairman, Frederick Henry, said in an interview Tuesday.

French officials refused to give the exact purchase price, although they estimated the cost of buying and adapting the building at about \$34 million. They said renovating it would cost about \$13 million, which would place the proposed purchase price at close to \$21 million.

The \$20 million difference between the Gehry building's original cost and its current market value is the price the American Center has paid for selling its Left Bank home and constructing a new headquarters. Its mistake was to count on donations for the \$6 million annual cost of running it.

BRITAIN will have to come up with more cash for the Royal Opera House if it wants the nation's cultural institution to continue. In a report on the opera and ballet house at London's Covent Garden, Sir Richard Eyre, former director of the National Theatre, accused the house management of "arrogance and presumption" in its dealings with public funds. But he said it still needed more public funding to stay alive. There have been suggestions that the government's annual £14.4 million (\$24 million) grant should be doubled. Eyre, who was asked by Culture Secretary Chris Smith to look into the way the opera house is run, rejected Smith's suggestion that it should share premises with the English National Opera company to save money. Eyre also said greater access to the opera for ordinary people was vital, and could be achieved by reducing ticket prices, currently at about £200.

Paula Yates, the companion of the late Australian rock star Michael Hutchence, was recovering in a private

clinic after a friend found her at her London home in a distressed state. Hutchence, front man for INXS, was found hanged last November in a Sydney hotel. Press reports variously said that Yates, 38, had tried to kill herself with a drug overdose or by hanging. An ambulance service spokesman said that she did not need to be taken to the hospital and was treated at the scene.

Barbra Streisand and the actor James Brolin were to tie the knot this week at her beachfront estate in Malibu, California, a Los Angeles television station reported. The station cited Streisand's publicist, Dick Guttman, asking news media helicopters not to fly over the entertainer's home on the day of the wedding. "The wedding is a sacred event," Guttman told NBC. "They want to hear the words."

Ris Lacoste, a chef at 1789 Restaurant in Washington, is offering a

\$1,000 reward for the return of a tabletop once used by Julia Child. The top is part of a beige Formica cooking table made for Child by her husband, Paul, in the 1950s, and features the motto "Bon Appetit, Julia Child." Child used the table during traveling cooking demonstrations. It was sold at auction last summer to a public relations firm, which shipped the dismantled table—but only the legs arrived. Lacoste said Child wanted to make sure the tabletop got back in safe hands.

Monster grosses lead to monster sequels. So after the first two "Jurassic Park" films generated more than \$1.5 billion in worldwide box-office revenue, Universal Pictures and Steven Spielberg's Amblin Entertainment are joining forces to hatch a third. Spielberg will produce but not direct. Michael Crichton, who wrote the best-selling novel that led to the first "Jurassic Park" film in 1993, is developing the story. Listen for heavy footsteps around the summer of 2000.



HONG KONG MUSIC—The pop singer Andy Lau, left, performing with the saxophonist Kenny G.



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